

~~CONFIDENTIAL~~

INTELLIFAX 5

Approved For Release 2002/05/20 : CIA-RDP79-01093A000700060003-3

~~SECRET~~

IPI

PROVISIONAL INTELLIGENCE REPORT

COST OF SELECTED WORKER DIETS IN THE USSR 1948-53



CIA/RR PR-84
28 October 1954

DOCUMENT NO. 1
NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED
CLASS. CHANGED TO: TS
NEXT REVIEW DATE: 1989 C
AUTH: HR 70-2
DATE: 5 Oct 79 REVIEWER: 006514

CENTRAL INTELLIGENCE AGENCY

OFFICE OF RESEARCH AND REPORTS

~~SECRET~~

Approved For Release 2002/05/20 : CIA-RDP79-01093A000700060003-3

~~CONFIDENTIAL~~

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

CONFIDENTIAL

~~SECRET~~

PROVISIONAL INTELLIGENCE REPORT

COST OF SELECTED WORKER DIETS IN THE USSR
1948-53

CIA/RR PR-84

(ORR Project 41.257)

NOTICE

The data and conclusions contained in this report do not necessarily represent the final position of ORR and should be regarded as provisional only and subject to revision. Comments and data which may be available to the user are solicited.

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

~~SECRET~~
CONFIDENTIAL

CONFIDENTIAL
~~SECRET~~

FOREWORD

The main purpose of this report is to perfect estimates of the true money costs to the Soviet worker of feeding his family in the postwar period. A secondary purpose is to provide certain information, notably on prices, basic to other endeavors, as, for instance, the deflating of retail sales. Beyond both of these purposes lies the further aim of providing a gauge against which to measure the success of the widely advertised new course of solicitude for the consumer which is unfolding in the USSR.

While the main purpose is as stated, it is important to note at the outset that the immediate concern of the paper is not the cost of the actual food basket of the average worker, but the cost of certain representative baskets, or diets. That some part of the working population consumed each of these is known to be so, or can be inferred to be so with a reasonable degree of certainty. How large a part consumed each of them, on the other hand, and how the distribution changed with the years, are matters upon which the report attempts to throw significant light, but upon which it does not attempt to reach firm conclusions.

The desirability of achieving the stated aims within a reasonable time, coupled with the near infinitude of potentially useful data, has made necessary a differential treatment of the various components of the general subject, the various types of data, and the various sources. State prices have been emphasized over free market prices. Prices for the terminal years 1948 and 1953 have been emphasized over prices for the years in between. Quantitative data have been preferred to qualitative data. Certain difficult problems have been subordinated or ignored, among them problems of the representativeness of the Moscow worker and Moscow prices, problems of cost incurred through consumption of home-grown food or food bought at restaurants or canteens, and, not least, problems of the quality and availability of produce. Finally, a selection of the most reliable source materials has been given priority in exploitation over others less reliable.

While research has thus been selective rather than exhaustive, with a number of important questions left unanswered, it is believed that a reasonably accurate picture of costs and cost-trends has been put together against which to estimate past and future fluctuations in the worker's actual food bill, and that a reasonably firm base has been laid for further inquiry along this general line.

- iii -

~~SECRET~~

CONFIDENTIAL

CONFIDENTIAL

~~SECRET~~

CONTENTS

	<u>Page</u>
Summary	1
I. Diets	2
A. General	2
B. Selected Workers' Family Diets	2
1. Diet of 1953 -- A Recommended Diet	3
2. Diet of 1928-29 -- An Actual Diet	3
3. Diet of 1947 -- A Ration Diet	4
C. Representativeness of the Selections	8
II. Prices	9
A. Methods	9
1. General	9
2. Construction of Long List	14
3. Construction of Short List	14
B. State Prices	15
1. Comparison of 1948 with 1953 and 1954	18
2. Comparison of 1937 with 1953 and 1954	20
3. Price Movements in the Years between 1948 and 1953	21
4. Implications for the Worker's Food Costs	22
C. Free Market Prices	23
III. Costs	25
A. Costs at State Prices	25
B. Adjustments for Free Market Purchases	29
C. Relation to Wages	32

- v -

~~SECRET~~

CONFIDENTIAL

CONFIDENTIAL

S-E-C-R-E-T

Appendixes

	<u>Page</u>
Appendix A. Methodology	37
Appendix B. Gaps in Intelligence	51
Appendix C. Sources and Evaluation of Sources	53

Tables

1. Three Workers' Family Diets in the USSR, 1928-29, 1947, and 1953	5
2. Average Annual Moscow Prices for Selected Food Items, 1937, 1948, 1953, and 1954	10
3. Average Annual Moscow Prices for 28 Important Food Items, 1937 and 1948-54	16
4. Unweighted Averages of Relative Prices for Specified Food Groups in Moscow, 1948, 1953, and 1954	19
5. Comparison of State and Free Market Prices in Moscow for Leading Foods Sold Competitively, 1948 and 1953	24
6. Monthly Costs at State Prices of Three Workers' Family Diets in the USSR, 1937 and 1948-54	26
7. Indexes of Monthly Costs at State Prices of Three Workers' Family Diets in the USSR, 1937 and 1948-54	28
8. Monthly Costs of Three Workers' Family Diets in the USSR on Different Assumptions Regarding Distribution of Competitive Purchases between State Stores and Free Markets, 1948 and 1953	30
9. Indexes of Food Costs, Wages, and the Power to Purchase Food of the Average Worker's Family in the USSR, 1948-53	33

- vi -

S-E-C-R-E-T

CONFIDENTIAL

~~CONFIDENTIAL~~

Page

10. 1948 and 1953 Prices for Selected Foods in Moscow
and Derivation of the 1953 Prices 39

Chart

Relation between Average Monthly Wage and
Soviet Workers' Food Costs on Three Diets,
1937 and 1948-53 Inside Back Cover

- vii -

~~SECRET~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~CIA/RR PR-84
(ORR Project 41.257)~~SECRET~~COST OF SELECTED WORKER DIETS IN THE USSR, 1948-53*Summary

The cost to the Soviet worker of feeding himself, his wife, and 2 children on a diet recommended by the Institute of Nutrition in Moscow was about 3,100 rubles per month in 1948, and about 1,510 rubles per month in 1953. Corresponding figures for a diet actually consumed by an average family of this size in the relatively prosperous years of 1928-29 are about 1,780 rubles per month in 1948, and 890 rubles in 1953. For a meager diet, such as that suggested by 1947 ration schedules, the cost was about 895 rubles per month in 1948, and 510 in 1953. It is estimated that 1954 equivalents for all 3 diets will show decreases of no more than 5 percent. Calculation in all cases assumes equal divisions between state stores and the free market of purchase of produce sold by both.

Averaging trends for the second and third of the diets referred to, which may be reasonably considered to represent consumption patterns during this period for workers' families of above-average and below-average income, respectively, yields the provisional conclusion that in general workers' food costs declined by one-third between 1948 and 1951, and by one-half between 1948 and 1954. The greatest single annual decrease occurred in 1950. Decreases since 1950 have been successively smaller. Food costs in 1948 were 3 times what they were in 1937. The decline between 1948 and 1951 brought costs to a level twice that of 1937, while the period from 1948 to 1953 saw them decline to a level about 50 percent above that of 1937.

Since average family wages remained stable in the period from the end of 1948 to the end of 1953, their power to purchase food has increased in step with decreases in food costs. At the end of 1953, this purchasing power was 90 percent greater than in 1948, and 50 percent greater than in 1937.

* The estimates and conclusions contained in this report represent the best judgment of the responsible analyst as of 15 August 1954.

~~SECRET~~~~CONFIDENTIAL~~

S-E-C-R-E-T

Comparison of the trend in average wages with trends in costs for each of the diets shows that in 1953 an average Soviet worker's family living in the period 1937-53 became able, for the first time, to afford the diet of its more fortunate predecessor of 1928-29. On the other hand, such a comparison also shows that this family (1) never during the period under review could afford the diet based on official recommendations for the individual worker, and (2) continuously could afford only the diet based on 1947 ration-schedules, which is the most meagre of those analysed.

I. Diets.

The cost to the worker of feeding his family is on the one hand a function of the foods it eats and the quantities in which it eats them and, on the other hand, a function of the prices it must pay for them. This report deals in turn with each of these parts of the problem prefatory to considering the whole. The three sections accordingly take up, respectively, diets, prices, and costs.

A. General.

Speaking generally, the Russian diet was lower in quantity and quality than the diets of Western Europe and the US before 1917 and has remained so since. Bread, other grain foods, potatoes, and cabbage dominate. Meat, eggs, milk and dairy products, fruits, and vegetables (other than potatoes and cabbage) play a minor role. The diet thus is not well balanced. In the late 1930's, a relatively prosperous period, the average citizen consumed around 2,800 calories daily. His US counterpart of this period, on the other hand, consumed about 3,200 calories per day, while citizens of other important Western countries consumed amounts which varied between these extremes. 1/* Moreover, the comparison understates Russian inferiority, since it takes no account of qualitative differences, which are even greater.

B. Selected Workers' Family Diets.

Data on workers' family diets are sparse. Out of a dozen diets describing the eating habits of people from different walks of life, only six have been found that apply strictly to the

* Footnote references in arabic numerals are to sources listed in Appendix C.

S-E-C-R-E-T

individual worker or his family. Of these, three have been selected for their comprehensiveness and all-round serviceability. The foods they include and the quantities of each that are consumed are presented in Table 1.* General characteristics are noted below, the diets being considered in descending order of adequacy.

1. Diet of 1953 -- A Recommended Diet.

This diet is an ideal rather than an actual diet. It is an adaptation to family use of the diet recommended in 1953 by the Moscow Institute of Nutrition for a worker not engaged in strenuous labor. 2/ It is quite adequate, even by US standards. The adult members of a family of 4 (2 adults and 2 children) who were able to afford it would eat daily approximately one-half pound of meat and fish, one-half pound of fruit, and 1 pint of milk. The family as a whole would consume $1\frac{1}{2}$ pounds of butter each week. Total daily caloric value of this diet is reported to be 3,200 per adult.

2. Diet of 1928-29 -- An Actual Diet.

The second selection is an actual family diet. Specifically, it is the diet actually consumed by the average worker's family in 1928-29, as established by official surveys of Moscow working households in that year. 3/ It might perhaps be called the high average diet, since the period of the late 1920's to which it refers is generally regarded as climactic insofar as living conditions are concerned. 4/

The 1928-29 diet is lower in both quantity and quality than the recommended diet. Daily per capita value is approximately 2,350 calories, as contrasted with a corresponding figure of 2,560 for the recommended diet. 5/ The 1928-29 diet contains more of the starchy foods -- bread, cereals, and potatoes -- than the recommended diet, but somewhat less meat and fish, barely one-half as much sugar, and less than one-half the quantity of vegetables. It contains no fruit. An adult living on the 1928-29 diet would drink barely one-half pint of milk a day, as against the pint he would drink were he living on the recommended diet. He would eat 1 egg every 3 days instead of 1 a day. Instead of consuming $1\frac{1}{2}$ pounds

* Table 1 follows on p. 5.

S-E-C-R-E-T

of butter each week, his family would consume less than one-half pound.

3. Diet of 1947 -- A Ration Diet.

The third selection is a family diet suggested by the ration schedule for 1947. ^{6/} During World War II and until 1948 the USSR rationed all food items of importance with a few exceptions. The schedule for 1947 included bread, cereals, meat and fish, fats, sugar, salt, and tea. It excluded milk, eggs, potatoes, and vegetables. The magnitude of the rations varied with family status, and within the wage-earner category with strenuousness of occupation.

The rationed-foods part of the diet constructed from these materials has been formed by summing rations for 1 manual worker, 1 clerical worker, and 2 children. Foods not rationed have then been added in quantities believed to be generally appropriate to the type of pattern that emerged -- a pattern unbalanced on the side of the cheaper (and starchier) foods. The result is a diet which reasonably can be presumed to reflect the eating habits of an average family in the immediate postwar period. Since this period was one in which wartime privations still prevailed, it thus can also be looked upon as a sort of low average diet, or one which over the course of the years the average Soviet worker's family has not regularly been forced to put up with.

The ration diet is slightly lower in quantity and considerably lower in quality than the diet of 1928-29. Potato consumption is higher, and grain consumption about the same. But consumption of dairy products and vegetables is appreciably less, sugar consumption more than 50 percent less, and meat and fish consumption more than 75 percent less than under the 1928-29 diet. The adult living on the ration diet would eat only about one-tenth of a pound of meat per day, as against one-half pound, more or less, which he would eat if he were living on either of the other 2 diets. His family would consume less than one-quarter of a pound of butter per week, compared with the one-half pound it would eat if living under the 1928-29 diet and the $1\frac{1}{2}$ pounds which it would eat if living under the recommended diet.

S-E-C-R-E-T

Table 1

Three Workers' Family Diets in the USSR *
1928-29, 1947, and 1953

	Kilograms Per Month Per Capita		
	A Recommended Diet, 1953 a/	B Diet of 1928- 29 b/	C Ration-Diet, 1947 c/
<u>Bread and Grains</u>			
Bread, Rye	3.12	4.77 d/	6.14 e/
Bread, Wheat	6.48	7.76 d/	6.13 e/
Flour, All Types	0.72	Negligible f/	Negligible g/
Macaroni	0.24	Negligible h/	Negligible g/
Cereals and Pulses	0.72	1.31	1.47
Total	<u>11.28</u>	<u>13.84 d/</u>	<u>13.74</u>
<u>Meat and Fish i/</u>			
Pork	1.60	1.41	0.25
Beef	1.60	1.42	0.25
Sausage	1.60	1.42	0.25
Pike-perch	0.60	0.46	0.20
Herring	0.60	0.46	0.20
Total	<u>6.00</u>	<u>5.17</u>	<u>1.15</u>
<u>Fats and Oils</u>			
Vegetable Oils	0.24	0.32	0.30 j/
Total	<u>0.24</u>	<u>0.32</u>	<u>0.30</u>
<u>Dairy Products</u>			
Milk k/	12.00	6.47	6.00 l/
Cream Cheese	0.72	Negligible h/	Negligible g/
Sour Cream	0.48	Negligible h/	Negligible g/
Cheese	0.48	Negligible h/	Negligible g/
Butter	0.72	0.20	0.10 j/
Eggs	1.20	0.36	0.36 l/
Total	<u>15.60</u>	<u>7.03</u>	<u>6.46</u>

* Footnotes for Table 1 follow on p. 6.

S-E-C-R-E-T

S-E-C-R-E-T

Table 1

Three Workers' Family Diets in the USSR
1928-29, 1947, and 1953
(Continued)

	Kilograms Per Month Per Capita		
	<u>A</u> Recommended Diet, 1953 <u>a/</u>	<u>B</u> Diet of 1928- 29 <u>b/</u>	<u>C</u> Ration Diet, 1947 <u>c/</u>
<u>Vegetables and Fruits</u>			
Potatoes	7.20	9.56	14.00 <u>l/</u>
Vegetables and Gourds	10.20	4.47	3.00 <u>l/</u>
Fruits and Berries	5.76	Negligible <u>h/</u>	Negligible <u>g/</u>
Total	<u>23.16</u>	<u>14.03</u>	<u>17.00</u>
<u>Other</u>			
Sugar	2.40	1.30	0.60
Honey	0.12	Negligible <u>h/</u>	Negligible <u>g/</u>
Tea	0.02	Negligible <u>h/</u>	0.05
Coffee Mixture	0.08	Negligible <u>h/</u>	Negligible <u>g/</u>
Total	<u>2.62</u>	<u>1.30</u>	<u>0.65</u>
<u>Total</u>	<u>58.90</u>	<u>14.69</u>	<u>39.30</u>

a. Based on family of 2 adults and 2 children. Recommended by Moscow Institute of Nutrition for workers not engaged in strenuous labor. 7/ Units of measure, which were in grams per day, have been converted to kilograms per 30-day month. Results were then reduced by 0.8 to transform this adult worker diet to a family per capita diet. The 0.8 reduction factor is based upon analysis of 2 ration schedules. The 1947 ration schedule allots to 2 children 54.80 pounds per month of rationed food, while it allots to 2 parents (one a manual worker, the other a clerical worker) 89.0 pounds. 8/ Thus a child's consumption appears officially to be calculated at about 60 percent of that of an adult. Inspection of the 1943 ration schedules yields the same result. 9/ On the basis of these 2 analyses the general assumption is made that Soviet children under more normal circum-

S-E-C-R-E-T

S-E-C-R-E-T

Table J

Three Workers' Family Diets in the USSR
1928-29, 1947, and 1953
(Continued)

stances and with more normal diets will also eat about 60 percent as much as adults. If, then, each adult eats one unit (1.0) and each child eats 0.6 of a unit, a family of four will eat 3.2 units and family per capita consumption will be 0.8 of adult consumption.

b. Based on family of 2 adults and 2 children. Based on an official Soviet survey. 10/ Figures, which were for annual consumption, have been converted to a monthly average.

c. Based on family of 2 adults and 2 children. Source is 1947 ration schedules 11/ which have been transformed into the diet presented here by converting kilograms to pounds (at rate of 1 kg. to 2.2 pounds) and then proceeding as described in text.

d. These items are expressed in terms of flour content. Caloric value of flour is approximately 3,500 per kilogram; 1953 Soviet bread has approximately 2,000 calories per kilogram. 12/

e. Source gives only a total figure for bread. Bread figures were divided evenly between wheat and rye in order to yield a distribution generally consonant with diets of the type suggested by the ration schedules (that is, cheap, starchy diets).

f. Included with figure for bread.

g. Unrationed. Quantities consonant with diets of this type believed to be negligible.

h. No figure was given by the source for this food item. Consumption was presumed negligible.

i. In diets A and B total figures for meat and fish were given separately; in diet C only a total for meat and fish combined. In all 3 diets the 3 meats most commonly consumed (beef, pork, and sausage) were weighted evenly despite the fact that retail sales indicate sausage is sold in greater quantities than either of the other two. 13/ This appears justified on the grounds (1) that pork and beef may be considered substitutable price-wise for poultry and mutton respectively and (2) that pork consumption when supplemented by poultry consumption, and beef consumption when supplemented by mutton consumption, then become roughly comparable with sausage consumption. In all 3 diets, pike-perch and herring, both of which are sold in large quantities, 14/ are weighted evenly. Higher priced caviars are omitted because they are consumed in far

S-E-C-R-E-T

S-E-C-R-E-T

Table 1

Three Workers' Family Diets in the USSR
1928-29, 1947, and 1953
(Continued)

smaller quantities.

Although the sources for diets A and B indicate that meat products comprise about 80 percent of total meat and fish products, diet C (which gives only a combined meat and fish total) has been constructed so that meat products come to only approximately 65 percent of total meat and fish products. This is justified on the grounds of general consonance with diets of this type, which generally include less of the expensive meats and more fish.

j. Only an entry for "fats" was given by the source. It was arbitrarily apportioned, 0.30 to vegetable oils and 0.10 to butter.

k. Figures for milk and eggs have been kept in kilograms. For conversion purposes the following equations have been used: 1 kg milk = 1 liter = 1 quart; 1 egg = 0.05 kg, or 10 eggs = 0.5 kg.

l. Estimated as being in general consonance with diets of this type.

C. Representativeness of the Selections.

The three diets were selected because, as a group, they might reasonably be presumed to represent the range in patterns of food consumption prevailing among Soviet workers' families today. The recommended diet is believed to be one to which today's highest-income workers' families might aspire, if not always with success. It has the additional utility of providing a gauge for determining the extent to which workers are able, in practice, to afford what official standards recommend and consider adequate. The 1928-29 diet is believed to be one on which contemporary families of above-average, but not abnormally high, incomes might live, and to which families of average income might reasonably aspire. The ration diet, finally, is believed to be one on which numerous families of below-average income are still forced to subsist. The results of pricing the diets and comparing food costs with average wages, which are summarized in the chart concluding this report, substantially corroborate these suppositions.

S-E-C-R-E-T

S-E-C-R-E-T

All three diets are Soviet-Russian, and are derived from Soviet sources. The second and third are diets which actually have been consumed by Soviet workers. The first diet is one recommended by Soviet officials for Soviet workers. Cost analysis based upon them is thus free of the problems involved in attempts to determine Soviet costs by pricing foreign diets.

II. Prices.

Second to the problem of determining what foods the Soviet worker consumes, and in what quantities, is the problem of determining how much he has to pay per unit of each. In part, the second problem is an extension of the first. Prices vary with slight differences in quality and composition of goods. Consumption patterns, on the other hand, normally are not broken down in nearly so much detail. Hence a further refinement of the categories of consumption becomes a necessary part of the pricing operation. Exactly which meats and fish, for example, a worker's family is most likely to consume must be determined, and their grades carefully specified in order to achieve maximum comparability of prices over time.

A. Methods.

1. General.

While methods of tackling the pricing problem are more fully described in Appendix A, it is useful to make certain general comments on them at this juncture. What has been done, briefly, was (1) to work out prices for 1953 and price estimates for 1954 ^{15/} for 64 food items for which Janet Chapman has already developed firm prices for 1937 and 1948, and (2) to work out prices for the years between 1948 and 1953 for 28 of the most important of the foregoing 64 food items, selected on criteria provided by the diets of Table 1. Table 3*, containing the short list of 28 items, is the immediate foundation for the costs and cost indexes shown in Table 6** and Table 7.*** Table 2,**** containing the long list of 64 items, has the function of serving not only as a foundation for the short list but also of providing a check on conclusions based on the short one.

* Table 3 follows on p. 16.

** P. 26, below.

*** P. 28, below.

**** Table 2 follows on p. 10.

S-E-C-R-E-T

S-E-C-R-E-T

Table 2

Average Annual Moscow Prices for Selected Food Items a/
1937, 1948, 1953, and 1954

Moscow Prices in Rubles per Kilogram Except Where Otherwise Indicated						Relative Prices				
Commodity	1948 Specification b/	1937 c/	1948 d/	1953 e/	1954 f/ (Estimated)	1937 = 100		1948 = 100		
						1948	1953	1954 (Estimated)	1953	
<u>Bread and Grains</u>										
1. Rye Flour	Coarse-milled 95 percent	1.60	4.80	2.30	2.20	300	144	138	48	46
2. Rye Bread	95 percent flour	0.85	3.00	1.40	1.30	353	165	153	47	43
3. Wheat Flour	85 percent flour (2)	2.40	6.20	2.60	2.45	258	108	102	42	40
4. Wheat Flour	72 percent flour (1)	2.90	8.00	3.35	3.15	276	116	109	42	39
5. Wheat Bread	85 percent flour (2)	1.70	4.40	1.95	1.85	259	115	109	44	42
6. Wheat Bread	72 percent flour (1)	2.80	7.00	3.20	3.00	250	114	107	46	43
7. French Loaf	72 percent wheat flour (1)	3.60	8.00	3.75	3.50	222	104	97	47	44
8. Macaroni	72 percent wheat flour (1)	3.50	10.00	4.50	4.25	286	129	121	45	43
9. Buckwheat Grits	NA	4.30	12.00	5.75	5.60	279	134	130	48	47
10. Millet Grits	Pounded (1)	2.10	6.00	3.25	3.15	286	155	150	54	53
11. Rice	(1)	6.50	17.10	9.05	8.80	263	139	135	53	51
12. Dried Beans	Average 2 kinds	3.95	10.60	5.10	4.95	268	129	125	48	47
<u>Meat and Fish</u>										
13. Pork	Fat, untrimmed (1)	10.40	48.00	22.35	21.40	462	215	206	47	45
14. Beef	Average (1)	7.75	30.00	13.15	12.60	387	170	163	44	42
15. Mutton	Above average (1)	9.60	34.00	14.70	14.10	354	153	147	43	41
16. Mutton	Average (1)	7.60	30.00	12.45	11.90	395	164	157	42	40
17. Chicken	(1)	11.00	35.00	15.05	14.40	318	137	131	43	41
18. Chicken	(2)	7.50	31.00	13.30	12.75	413	177	170	43	41
19. Duck	(2)	8.50	34.00	14.05	13.45	400	165	158	41	40
20. Turkey	(1)	13.00	45.00	17.95	17.20	346	138	132	40	38
21. Turkey	(2)	10.50	39.00	15.55	14.90	371	148	142	40	38
22. Goose	(2)	7.40	25.00	10.10	9.70	338	136	131	40	39

* Footnotes for Table 2 follow on p. 13.

S-E-C-R-E-T

S-E-C-R-E-T

Table 2
Average Annual Moscow Prices for Selected Food Items a/
1937, 1948, 1953, and 1954
(Continued)

Moscow Prices in Rubles per Kilogram Except Where Otherwise Indicated						Relative Prices				
Commodity	1948 Specification b/	1937 c/	1948 d/	1953 e/	1954 f/ (Estimated)	1937 = 100		1948 = 100		
						1948	1953	1954 (Estimated)	1953	
<u>Meat and Fish</u> (Continued)										
23. Rabbit	Fat, above average (1)	4.00	24.00	9.70	9.30	600	243	233	40	39
24. Bacon	Medium	16.00	59.00	25.55	24.50	369	160	153	43	42
25. Ham	Smoked	15.00	59.00	28.20	27.00	393	188	180	48	46
26. Sausage	Moscow	23.50	82.00	31.10	29.80	349	132	127	38	36
27. Pike-perch	Fresh-frozen (1)	3.30	12.00	8.05	7.85	364	244	238	67	65
28. Sturgeon	Fresh-frozen (1)	8.00	29.00	19.60	19.05	363	245	238	68	66
29. Herring	Caspian, large, salted	8.00	20.00	12.55	12.20	250	157	153	63	61
30. Sturgeon	"Balyk" smoked (1)	18.00	88.00	46.15	44.90	489	256	249	52	51
31. Caviar	Black, granular, tinned (1)	49.25	371.00	204.10	204.10	753	444	444	55	55
<u>Fats and Oils</u>										
32. Sunflower Oil	Refined	14.85	30.00	19.35	18.80	202	130	127	65	63
33. Margarine	Table	10.50	33.00	15.20	14.80	314	145	141	46	45
<u>Milk and Milk Products</u>										
34. Milk (liter)	Fresh	1.60	4.00	2.60	2.55	250	163	159	65	64
35. Sour Cream	NA	7.75	25.25	14.60	14.60	326	188	188	58	58
36. Cheese	Swiss	24.80	72.00	32.20	32.20	290	130	130	45	45
37. Butter	7 kinds	17.50	67.15	27.70	26.95	384	158	154	41	40
38. Eggs (10)	Table (1)	6.15	14.00	8.45	8.20	228	137	133	60	59

S-E-C-R-E-T

S-E-C-R-E-T

Table 2

Average Annual Moscow Prices for Selected Food Items a/
1937, 1948, 1953, and 1954
(Continued)

Moscow Prices in Rubles per Kilogram Except Where Otherwise Indicated						Relative Prices				
Commodity	1948 Specification b/	1937 c/	1948 d/	1953 e/	1954 f/ (Estimated)	1937 = 100		1948 = 100		
						1948	1953	1954 (Estimated)	1953	
<u>Fruits and Vegetables</u>										
39. Potatoes	Old	0.40	1.00	1.00	1.00	250	250	250	100	100
40. Cabbage	Fresh	0.30	1.00	0.80	0.80	333	267	267	80	80
41. Cucumbers	Fresh	0.90	2.00	2.00	2.00	222	222	222	100	100
42. Cucumbers	Salted (1)	1.10	3.50	3.50	3.50	318	318	318	100	100
43. Onions	Spring	1.00	4.00	1.50	1.50	400	150	150	38	38
44. Beets	NA	0.25	0.90	0.60	0.60	360	240	240	67	67
45. Turnips	Trimmed	0.35	1.35	1.35	1.35	386	386	386	100	100
46. Tomatoes	(1)	1.60	4.00	2.60	2.60	250	163	163	65	65
47. Pumpkins	NA	0.25	0.70	4.00	4.00	280	1600	1600	571	571
48. Peas (500 gm)	Canned, highest	3.40	9.10	4.70	4.35	268	138	128	52	48
49. Apples	Fresh, 1st group "Kandil" (1)	5.40	20.50	8.20	6.55	380	152	121	40	32
50. Apricots	Canned	8.95	17.50	9.95	9.20	196	111	103	57	53
51. Apples	Dried	7.50	28.00	14.70	13.85	373	196	185	53	49
52. Prunes	Sochi, dried	14.00	40.00	21.70	20.40	286	155	146	54	51
53. Raisins	NA	8.30	31.00	16.85	15.85	373	203	191	54	51
54. Mixed Fruit	Dried	8.00	31.30	17.00	16.00	391	213	200	54	51
<u>Other</u>										
55. Sugar	Refined, small lumps	4.00	15.00	11.00	10.70	375	275	268	73	71
56. Sugar	Granulated	3.80	13.50	9.65	9.40	355	254	247	71	70
57. Chocolate (100-gm bar)	NA	9.60	17.00	11.30	11.00	177	118	115	66	65
58. Cocoa	Powdered	61.80	193.00	116.90	110.00	312	189	178	61	57

S-E-C-R-E-T

S-E-C-R-E-T

Table 2

Average Annual Moscow Prices for Selected Food Items a/
1937, 1948, 1953, and 1954
(Continued)

		Moscow Prices in Rubles per Kilogram Except Where Otherwise Indicated				Relative Prices				
						1937 = 100		1948 = 100		
Commodity	1948 Specification b/	1937 c/	1948 d/	1953 e/	1954 f/ (Estimated)	1948	1953	1954 (Estimated)	1953	1954
Other (Continued)										
59. Salt	Ground (2)	0.10	1.50	0.35	0.25	1500	350	250	23	17
60. Tea (100 gr)	"Baikhoyni", Georgian (1)	8.00	16.00	8.90	7.77	200	111	97	56	49
61. Coffee	Roasted, in the bean (1)	51.00	75.00	43.05	36.20	147	84	71	57	48
Beverages Alcoholic										
62. Vodka (½ liter)	50-degree	9.00	65.65	31.90	30.95	729	354	344	49	47
63. Vodka (liter)	40-degree	13.10	85.50	39.65	38.45	653	303	294	46	45
64. Champagne	Soviet	20.90	42.75	27.00	26.00	205	129	124	63	61

a. This table is based directly on Table 10, Appendix A, and indirectly on Janet Chapman's work, Retail Food Prices in the USSR, 1937-1948, 16/ which it aims to up-date. The one change in the list of commodities furnished by these sources is the dropping of oats, which as an item of animal rather than human consumption is not of interest in the present connection. Prices have been rounded to the nearest multiple of 5.

b. From Appendix A of Chapman's work cited above. Figures in parentheses refer to the commodity grades that have been priced.

c. Taken from Table 1 of Chapman's work.

d. Taken from Table 1 of Chapman's work, with the exception of the price for sour cream, which has been derived from other sources in a manner explained in the footnote accompanying the item in Table 10, Appendix A.

e. The prices in this column are the 1953 prices of Table 10, Appendix A, adjusted to the calendar year. Adjustment has been accomplished by weighting prices of the period following the 1 April reductions (that is, those in Table 10, Appendix A) and their counterparts of the pre-reduction period, according to the number of months in 1953 during which they, respectively, were in force.

f. Though these prices are estimates based on information from the first part of the year, they are reasonably firm, except in the case of fresh vegetables. The experience of past years indicates a strong likelihood that the reduction of 1 April will prove to be the only change during the course of the year for the nonfluctuating items. Prices for fresh vegetables are those of 1953. Use of these prices assumes that improvements in the supply situation pressed for under the new economic course will not be substantially realized this year.

S-E-C-R-E-T

S-E-C-R-E-T

Table 4,* giving unweighted averages of relative prices for both the long and short lists, and Table 5,** comparing state and free market prices, complete the tabular presentations of this part of the report.

2. Construction of Long List.

Table 2 represents an adjustment to a calendar-year basis of prices developed in Table 10*** of Appendix A. In addition to Chapman's work the principal sources for Table 10 are a series of price reports for 1952-54 from the American Embassy in Moscow, and annual Soviet price reduction decrees for each of the years from 1948 through 1954. 17/ The method of deriving 1953 and 1954 prices has been to take direct quotations from the Embassy Moscow reports, assess their comparability to Chapman's 1948 equivalents, and check with indirect quotations obtained by applying to Chapman's equivalents the successive reductions revealed in official decrees. First reliance has been placed upon the direct quotations. The indirect quotations have been used only in the absence of direct quotations, or in the event of conflict between a direct quotation of nonspecific comparability with an indirect quotation based on reduction percentages of clear and unambiguous application. In the case of fresh vegetables, prices of which vary from month to month, the method has been to use the price for the height of the season (August) and to discard the indirect quotations.

3. Construction of Short List.

The short list of Table 3 represents an attempt to fuse the cruder categories composing the diets of Table 1 with the more refined categories composing the price schedules of Table 2. It may be viewed as a reduction of Table 2 carried out with the aid of criteria provided by Table 1, or, alternatively, as an amplification of Table 1 in the light of available price data, as reflected in Table 2.

The short list includes, first, all items in the diets of Table 1 which have unique counterparts in Table 2 (macaroni,

* Table 4 follows on p. 19.

** Table 5 follows on p. 24.

*** P. 39, below.

S-E-C-R-E-T

milk, butter, eggs, etc.). To these have been added representatives of dietary items without unique counterparts. In the case of an item with two counterparts only, both have been included (see especially wheat bread and sugar). In other cases, corresponding subitems of greatest importance have been chosen. Thus, millet and buckwheat have been substituted for the general category Cereals and Pulses in Table 1; sunflower oil for Fats and Oils; cabbage, fresh cucumbers, spring onions, and beets for Vegetables; and apples for Fruits. In two cases only, those of cream cheese and honey, has it been necessary to drop an item from Table 1, and in both of these, only one of the three diets -- Diet A -- was involved.

The short list of Table 3 does not duplicate perfectly the shopping lists of consumers of the three diets. The consumer of Diet A would be likely to purchase more expensive fish than perch or herring, more expensive grades of butter than the average, and other and more expensive fruits than apples. The consumer of Diet C, on the other hand, would be likely not to buy grades of meat and sausage represented in the list, and would probably buy lower grades of butter, eggs, and tea. Rough calculations, however, indicate that the biasing effect upon total costs of these departures is small.

B. State Prices.

State food prices rose by almost $2\frac{1}{2}$ times between 1937 and 1948. Between 1948 and 1954 they declined by almost one-half. They stand in 1954, therefore, at a level about 75 percent above the 1937 level. These conclusions are based on the long list of Table 2. Analysis of the short list of Table 3 shows less precipitous movement to 3 times the 1937 level by 1948, thence back through a decline of 45 percent by 1953, to a level in 1954 about 65 percent above that of 1937. In both cases the measure of movement is the unweighted average of relative prices from Table 4 (recapitulating Tables 2 and 3). The unweighted average is admittedly a crude measure. Judged, however, in terms of its function and the function of this section of the report -- that is, the function of general summarization of price trends -- its use is believed justified. More detailed commentary on movements between 1948 and 1954 follows.

S-E-C-R-E-T

S-E-C-R-E-T

Table 3

Average Annual Moscow Prices for 28 Important Food Items a/ *
1937 and 1948-54

Rubles, Rounded to Nearest Multiple of 5									
Commodity	Unit	1937	1948	1949	1950	1951	1952	1953	1954 (Estimated)
<u>Bread and Grains</u>									
1. Bread, Rye	kg	0.85	3.00	2.75	2.10	1.75	1.55	1.40	1.30
2. Bread, Wheat 85 percent	kg	1.70	4.40	4.05	3.15	2.60	2.20	1.95	1.85
3. Bread, Wheat 72 percent	kg	2.80	7.00	6.40	4.95	4.10	3.55	3.20	3.00
4. Flour, Wheat 72 percent b/	kg	2.90	8.00	7.30	5.35	4.40	3.80	3.35	3.15
5. Macaroni	kg	3.50	10.00	9.15	7.10	5.90	5.10	4.50	4.25
6. Buckwheat c/	kg	4.30	12.00	11.00	9.00	7.55	6.55	5.75	5.60
7. Millet c/	kg	2.10	6.00	5.75	5.00	4.25	3.65	3.25	3.15
<u>Meat and Fish d/</u>									
8. Pork	kg	10.40	48.00	44.00	34.60	28.80	25.90	22.35	21.40
9. Beef	kg	7.75	30.00	27.50	21.60	18.00	15.45	13.15	12.60
10. Sausage, Moscow	kg	23.50	82.00	75.15	52.30	42.15	36.50	31.10	29.80
11. Pike-perch	kg	3.30	12.00	11.00	9.90	8.85	8.70	8.05	7.85
12. Herring, Salted	kg	8.00	20.00	18.35	15.50	13.75	13.50	12.55	12.20
<u>Fats and Oils e/</u>									
13. Sunflower Oil	kg	14.85	30.00	30.00	27.50	27.00	22.40	19.35	18.80
<u>Dairy Products</u>									
14. Milk	liter	1.60	4.00	4.00	3.30	3.05	2.75	2.60	2.55
15. Sour Cream	kg	7.75	25.25	22.50	19.25	16.70	15.05	14.60	14.60
16. Cheese, Swiss	kg	24.80	72.00	60.00	47.95	42.25	35.30	32.20	32.20
17. Butter	kg	17.50	67.15	61.55	45.35	37.05	31.50	27.75	27.00
18. Eggs	10	6.15	14.00	14.00	12.25	10.90	9.50	8.45	8.20
<u>Vegetables and Fruits f/</u>									
19. Potatoes	kg	0.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20. Cabbage	kg	0.30	1.00	1.00	1.00	1.00	1.00	0.80	0.80
21. Cucumbers, Fresh	kg	0.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00
22. Onions, Spring	kg	1.00	4.00	4.00	4.00	4.00	2.00	1.50	1.50
23. Beets	kg	0.25	0.90	0.90	0.90	0.90	0.90	0.60	0.60

* Footnotes for Table 3 follow on p. 17.

S-E-C-R-E-T

S-E-C-R-E-T

Table 3

Average Annual Moscow Prices for 28 Important Food Items a/
1937 and 1948-54
(Continued)

<u>Commodity</u>	<u>Unit</u>	<u>1937</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u> (<u>Esti-</u> <u>mated</u>)
24. Apples, Fresh	kg	5.40	20.50	20.50	17.10	16.40	13.95	8.20	6.55
Other									
25. Sugar, Lump	kg	4.00	15.00	15.00	13.50	13.20	12.25	11.00	10.70
26. Sugar, Granulated	kg	3.80	13.50	13.50	11.85	11.50	10.70	9.65	9.40
27. Tea, Georgian	kg	80.00	160.00	160.00	146.75	132.35	111.25	89.05	77.70
28. Coffee	kg	51.00	75.00	75.00	68.75	61.25	52.50	43.05	36.20

a. Construction of this table involved 4 principal steps. (1) All foods were deleted from Table 2 except those included in the diets of Table 1. (2) 1948, 1953, and 1954 prices for these foods were taken from Table 2. (3) Prices for the years between 1948 and 1953, except in the case of fresh vegetables, were then adjusted by applying reduction percentages as found in official reduction decrees. (4) Resultant prices were converted from a reduction-year to a calendar-year basis by weighting pre- and post-reduction prices for a given calendar year according to the number of months such prices were in force. In 4 cases, application of the reduction percentages, in the most likely interpretation thereof, would have yielded 1953 figures at variance with the 1953 figure already accepted (based on a direct citation). In three of these cases the chain was adjusted by adjusting its weakest link, and changing the reduction percentage of greatest ambiguity (millet, in 1949, from 10 percent to 5 percent; herring, in 1950, from 10.1 percent to 16.6 percent; sunflower oil, in 1952, from 20 percent to 22.5 percent). In the last case, that of pork, the clear reduction-percentage of 15 percent decreed for 1952 was decreased to 10 percent to produce the pattern of best fit for numerous fragments of information.

The price series for fresh vegetables were established as indicated below:

(1) Potatoes and cucumbers-- Since 1953 and 1948 prices were equal, constancy was assumed throughout the intervening years. (2) Cabbage and beets-- Since reasonable estimates based on prices for early August of 1952 ^{18/} would give prices for late August of 1952 equal to 1948 counterparts, constancy has been assumed for years 1948 through 1952. (3) Onions -- Constancy of 1948 price has been assumed until 1952, when a price 50 percent lower was reported. ^{19/}

b. Of the two wheat flours priced in Table 2, this, the higher-priced, has been selected to represent the general category of Flour found in the diets of Table 1. This category is

S-E-C-R-E-T

S-E-C-R-E-T

Table 3

Average Annual Moscow Prices for 28 Important Food Items
1937 and 1948-54
(Continued)

found only in the case of the more expensive, or recommended diet, consumers of which might reasonably be presumed to buy a grade of flour above the very cheapest, yet below the more select.

c. From the available alternatives in Table 2 (buckwheat, millet, and rice), the first two have been selected to represent the Cereals category found in the diets of Table 1 because of their greater output 20/ and appreciably lower prices. It has been inferred they would be more important items of consumption than rice to consumers of Diet C or even Diet B.

d. The selection of particular meats and fish from the total listed in Table 2 was made during the elaboration of dietary patterns exhibited in Table 1. For basis of selection see footnote i/ to that Table.

e. Sunflower oil was chosen in lieu of margarine to represent the Fats and Oils category on the basis of an estimate made by Chapman 21/ of its greater importance in retail sales.

f. Selection of vegetables from the alternatives in Table 2 has followed the weighting pattern which Chapman took from a study of budget expenditures of urban worker families in 1926-27. 22/

1. Comparison of 1948 with 1953 and 1954.

Between 1948 and 1953, 59 of the 64 commodities of Table 2 decreased in price. Five commodities -- all fresh vegetables -- did not. Four items showed no change -- potatoes, fresh cucumbers, salted cucumbers, and turnips. One -- pumpkins -- showed a rise. The range in drops was from 77 percent in the case of salt to 20 percent in the case of cabbage. The single rise was a jump of almost 5 times. The unweighted average of 1953 prices for all 64 items was 62 percent of 1948 prices. This, however, includes the price of pumpkins, which not only has the disadvantage of having been derived by procedures having special limitations, but also of having been so excessively atypical in its movements as to affect unduly the aggregate. With pumpkins excluded, the unweighted average falls further, to 54 percent of the 1948 level. With all fresh vegetables excluded, the

S-E-C-R-E-T

Table 4

Unweighted Averages of Relative Prices
for Specified Food Groups in Moscow
1948, 1953, and 1954

Based on Long List of Table 2 a/

<u>Groups</u>	<u>Number of Items</u>	<u>1937 = 100</u>			<u>1948 = 100</u>	
		<u>1948</u>	<u>1953</u>	<u>1954</u> (Esti- mated)	<u>1953</u>	<u>1954</u> (Esti- mated)
Bread and Grains	12	275	129	123	47	45
Meat and Fish	19	406	192	185	47	46
Fats, Oils, and Dairy Products	7	285	150	147	54	53
Vegetables and Fruits a/	15	319	211	205	68	66
Other (Sugar, Tea, etc.)	7	438	197	175	58	54
Alcoholic Beverages	3	529	262	254	53	51
Total a/	<u>63</u>	<u>356</u>	<u>184</u>	<u>176</u>	<u>54</u>	<u>52</u>

Based on Short List of Table 3

<u>Groups</u>	<u>Number of Items</u>	<u>1937 = 100</u>			<u>1948 = 100</u>	
		<u>1948</u>	<u>1953</u>	<u>1954</u> (Esti- mated)	<u>1953</u>	<u>1954</u> (Esti- mated)
Bread and Grains	7	284	133	126	47	44
Meat and Fish	5	362	184	177	52	50
Fats, Oils, and Dairy Products	6	280	151	149	56	55
Vegetables and Fruits	6	324	214	208	71	70
Other (Sugar, Tea, etc.)	4	269	181	171	64	60
Total	<u>28</u>	<u>304</u>	<u>170</u>	<u>164</u>	<u>57</u>	<u>55</u>

a. Excluding pumpkins, price movements of which are so disproportionately excessive as to distort radically the over-all picture.

S-E-C-R-E-T

S-E-C-R-E-T

fall becomes one of 50 percent exactly. These last 2 figures are more meaningful measures of the change between 1948 and 1953 than the figure based on all 64 items.

Among the separate food groups, meat and fish, and bread and grains led the decline. The unweighted average of their relative prices for 1953 was 47 percent of the 1948 base. The corresponding figure for fruits was 52 percent and for alcoholic beverages, 53 percent. For the combined total of fats and oils and dairy products, it was 54 percent. For the residual category, which includes sugar, confectionery, salt, tea, and coffee, it was 58 percent. Prices for fresh vegetables declined the least. The unweighted average of their 1953 relative prices amounted to 81 percent of the 1948 base, with pumpkins excluded.

Prices for 1954 included in Table 2 are estimates based upon information relating to the first part of the year. With the exception, however, of the estimates for fresh vegetables, the prices given in the table are fairly firm, since the sole changes in state prices that are likely to take place during the year are those which have already taken place as a result of the reduction decree of early spring.

On the assumption that movements during the latter part of 1954 have been correctly forecast, these statements can be made about changes between 1953 and 1954: (1) the unweighted average of relative prices for the total list minus pumpkins (1948 = 100) dropped 2 points, from 54 to 52; (2) a like drop, from 50 to 48, characterized the movement of the corresponding index for the total list minus fresh vegetables. The 1954 reductions applied only to bread, flour, macaroni, salt, tea, and coffee. Principally for this reason the indexes for bread and grains, and for the residual category (sugar, salt, tea, etc.) led the change among major food groups. The index for the residual category dropped 4 points, from 58 to 54, the index for bread and grains 2 points, from 47 to 45. Change in food price levels between 1953 and 1954, like the annual reduction which was its prime determinant, has thus not been large.

2. Comparison of 1937 with 1953 and 1954.

With one exception -- coffee -- none of the 64 commodities listed in Table 2 had regained its 1937 price level by 1953. Only three commodities have done so today -- coffee, tea, and French loaf --

- 20 -

S-E-C-R-E-T

S-E-C-R-E-T

and on the last of these the information is uncertain.

The unweighted average of relative prices for 63 commodities (the 64 of Table 2 minus pumpkins) stood at 184 in 1953 and today stands at 176 (see Table 4) (1937 = 100). The unweighted average for 55 commodities (the 64 of Table 2 minus fresh vegetables) stood at 174 in 1953 and today stands at 165.

Among major groups bread and grains have best succeeded in regaining 1937 levels. The unweighted average of their relative prices (1937 = 100) stood at 129 in 1953, and today stands at 123. Counterparts in 1954 for fats and oils, milk products, fruits, and meats are, respectively: 134, 153, 153, and 159. The 1954 counterpart for the residual category (sugar, confectionery, salt, tea, and coffee) is 175. Fresh vegetables (minus pumpkins), alcoholic beverages, and fish have least well succeeded in regaining 1937 status. Their prices stand today at a level roughly $2\frac{1}{2}$ times the level of 1937.

3. Price Movements in the Years Between 1948 and 1953.

Calculations of year-to-year movements for the period 1948 to 1953 have been based on the short list of Table 3 only. Results, in terms of the unweighted average of relative prices for the 28 items of that table, are as follows:

	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u> (Estimated)
<u>1937 = 100</u>	304	289	247	224	197	170	164
<u>1948 = 100</u>	100	95	81	74	65	56*	54*
<u>Percentage decreases</u> <u>from previous year</u>		5	15	9	12	14	4

These figures show that the largest single-year drop since 1948 occurred between 1949 and 1950. This drop reflects the effects, of

* Index numbers for 1953 and 1954 shown here differ slightly from those for the same years in Table 4 because of differences inherent in the rounding of relative prices for individual food items in this series and for groups of food items in Table 4.

S-E-C-R-E-T

S-E-C-R-E-T

course, of the largest of the postwar annual reductions. Annual drops between 1950 and 1953 were progressively larger. By all odds the smallest of the decreases since 1948 is the drop which prevailed between 1953 and 1954, if forecasts for the last part of 1954 prove correct.

4. Implications for the Worker's Food Costs.

Consumption-wise, as determined by the diets of Table 1, the most important food groups are bread and grains, dairy products (including fats and oils), and vegetables and fruits. Table 4 reveals that prices for these groups rose least between 1937 and 1948. The picture for the period from 1948 to the present is less clear. Bread and grains have led the trend back toward 1937 levels, with dairy products second. Vegetables and fruits, on the other hand, are next to last. Nevertheless, the proposition holds generally true that prices for the most important items of food consumption have strayed less from the prewar level than prices for the less important.

This result is confirmed generally by conclusions based on the short list of Table 3. Items comprising this list, it will be remembered, were selected for their dietary importance. Unweighted averages of group relatives based on this list (1937 = 100) are in almost all cases less than counterparts based on the long list. For the entire short list index numbers (1937 = 100) for 1948, 1953, and 1954 are 304 (see Table 4), 170, and 164 respectively, as contrasted with corresponding figures of 356, 184, and 176 for the long list. Given the principle of construction of the short list of Table 3, an index of worker's food costs can be expected to conform more closely to unweighted averages based thereon than to averages which are based on the long list of Table 2. These costs can therefore also be expected to show a smaller increase from the 1937 level during the war period and to be closer to that level today.

These conclusions about trends in state prices, it should be cautioned, are no stronger than the method by which they have been obtained. They rest, particularly, on success or lack of success in maintaining comparability of prices from year to year. As discussed in Appendix A, methods adopted by this report have succeeded fairly well in assuring that the official description of a product priced in one year was duplicated in the case of prices for

S-E-C-R-E-T

succeeding years. It has not been possible, however, to keep quality constant and to make allowances for either product deterioration under a given label or product maintenance with substitution of a superior label (up-grading).

C. Free Market Prices.

No worker buys all his food at state or controlled prices. For part of it he goes to free markets and pays a different price. Free markets do not sell everything that can be bought in the state stores. Certain important items of consumption rarely, if ever, are sold there. These are, most notably, bread and flour, fish, and the so-called "grocery" items of sugar, tea, and coffee. But other important items -- specifically, meat, dairy products, vegetables, and fruits -- are to be found there regularly. And inasmuch as these disappear at times from the shelves of state stores, sometimes for long periods, the Soviet worker must in the course of a year make substantial purchases at free market prices or do without.

Free market prices differ from state prices in a number of respects. The most important difference, of course, is that they are allowed to fluctuate, while state prices are not, except in the case of fresh vegetables and fruits. In addition, while state prices are differentiated according to specific variations in grade and quality of product, free market prices usually are not. Finally, and most significant from the point of view of the Soviet family's food costs, there is a general difference in level. Free market prices, while fluctuating, have in the period since 1937 usually fluctuated within limits which lie above the corresponding fixed state prices. Thus, on the whole, the Soviet worker's food costs rise with the proportion of purchases which he must make on the free market.

It is outside the scope of this report to attempt a full-scale investigation of free market prices. In computing the Soviet worker's food costs at state prices, however, it is impossible to ignore the question of how far these computed costs may vary from the true costs. This requires some examination of free market prices.

Table 5* compares state and free market prices for a selection of the most important food products sold competitively. The selection is representative, if not quite exhaustive. It excludes mutton, veal,

* Table 5 follows on p. 24.

S-E-C-R-E-T

S-E-C-R-E-T

Table 5

Comparison of State and Free Market Prices in Moscow
for Leading Foods Sold Competitively a/
1948 and 1953

		1948			1953			1953 as Percent of 1948	
Unit	State b/ (Rubles)	Free Market c/ (Rubles)	Free Market as Per- cent of State	State b/ (Rubles)	Free Market d/ (Rubles)	Free Market as Per- cent of State	State	Free Market	
<u>Meats</u>									
Pork	kg	48.00	51.50	107	22.35	23.00	103	47	45
Beef	kg	30.00	36.50	122	13.15	19.00	144	44	52
<u>Dairy Products</u>									
Milk	liter	4.00	9.00	225	2.60	4.25	163	65	47
Eggs	10	14.00	26.50	189	8.45	15.50	183	60	58
<u>Vegetables</u>									
Potatoes	kg	1.00	2.25	225	1.00	2.50	250	100	111
Cabbage	kg	1.00	4.00	400	0.80	1.25	156	80	31
Cucumbers	kg	2.00	5.00	250	2.00	4.00	200	100	80
Onions	kg	4.00	6.50	163	1.50	4.00	267	38	62
Beets	kg	0.90	1.00	111	0.60	6.00	1,000	67	600

a. Items have been selected on the basis of (1) inclusion on the short list of Table 3 and (2) importance as a food sold competitively by the two markets. Excepted from the application of the second of these rules is sour cream, which is a competitive item of importance, but which has been excluded for lack of a 1948 price.

b. State prices are taken directly from the annual averages of Table 3.

c. Free market prices for 1948 (other than fresh vegetable prices) are averages of two quotations, one for January, 23/ and the other for July or early August. 24/

d. Free market prices for 1953 (other than fresh vegetable prices) are averages of 2 quotations, one for the winter, the other for the summer. All quotations are from State Despatches. 25/

S-E-C-R-E-T

S-E-C-R-E-T

poultry, sour cream, lard, and a number of vegetables. It includes the most important items, as reflected in the consumption patterns of Table 1. Items from Table 1 which it does not include are secondary either from the point of view of consumption (for example, sour cream) or from the point of view of free market sales (butter). An average of summer and winter prices has been used for commodities other than fresh vegetables. For the latter a summer price only has been used. In both cases the effort has been to make prices as comparable as possible, from the point of view of seasonal references, to their counterparts in the table on state prices (Table 2).

As will be seen from inspection of the data opposite the 9 commodities listed in Table 5, in no case, either in 1948 or in 1953, was an item priced lower in the free market than in the state stores. Free market prices in 1948 ranged upwards from the level of near equality with state counterparts to a level four times as high. In 1953, there was not one instance of equality. Free market prices in that year ranged from 3 percent to 900 percent higher. Trends between 1948 and 1953, however, have been roughly the same. There were 5 items for which free market prices declined more than state prices, and 4 items for which they declined less. Accordingly, though allowance for free market prices will raise costs for individual years based on state prices, it cannot be expected to alter the trends between years by much.

III. Costs.

Combining the patterns of food consumed by the Soviet worker, outlined in Part I of this report, with the prices he must pay, described in Part II, yields his food costs. These costs are dealt with in the present section (1) as valued at state prices, and (2) as corrected to take account of free market purchases.

A. Costs at State Prices.

Table 6* exhibits costs at state prices of each of the 3 diets of Table 1. As therein shown, a Soviet worker would have had to pay 215 rubles per month for each member of his family in 1937 in order to feed them on Diet A, the family diet corresponding to that recommended for the individual worker by the Institute of Nutrition. For his entire family, provided it consisted of himself,

* Table 6 follows on p. 26.

S-E-C-R-E-T

S-E-C-R-E-T

Table 6

Monthly Costs at State Prices
of Three Workers' Family Diets in the USSR a/
1937 and 1948-54

Rubles, Rounded to Nearest Multiple of 5

	<u>A</u> Recommended Diet, 1953		<u>B</u> Diet of 1928-29		<u>C</u> Ration Diet, 1947	
	Per Capita <u>b/</u>	Per Family of Four <u>c/</u>	Per Capita <u>b/</u>	Per Family of Four <u>c/</u>	Per Capita <u>b/</u>	Per Family of Four <u>c/</u>
1937	215	860	125	495	65	265
1948	705	2,820	405	1,625	190	765
1949	665	2,665	380	1,515	180	725
1950	535	2,135	295	1,190	150	595
1951	470	1,885	255	1,020	130	525
1952	410	1,645	225	900	115	470
1953	340	1,360	200	795	105	425
1954	320	1,285	190	765	100	410
(Estimated)						

a. Derived from Table 1 (diets) and Table 3 (prices), after making the following adjustments: eliminating honey and cream cheese from Diet A; pricing quantities of wheat bread and sugar shown in Table 1 at the average of the prices for the two kinds of each that are entered in Table 3; pricing quantities for the gross category cereals and pulses (Table 1) at the average of the prices for buckwheat and millet shown in Table 3; pricing quantities for the gross category vegetables and gourds (Table 1) by distributing them among the 4 vegetables priced in Table 3 in approximately the following proportions: cabbage -- 4 parts; cucumbers, onions, and beets -- 1 part each.

b. Based on calculations for a family of 2 adults and 2 children.

c. Based on unrounded cost figures, the rounded forms of which are shown in the per capita columns.

his wife, and 2 children, he would have had to pay 860 rubles. This latter figure would have risen to 2,820 rubles a month in 1948, then declined to 1,365 in 1953, or an estimated 1,290 in 1954. A worker aspiring to the standards of consumption of his fortunate comrade of

S-E-C-R-E-T

S-E-C-R-E-T

1928-29 (Diet B), or somewhat below the standard of abundance reflected in the recommended pattern, would find his costs more than 40 percent less than they would be if he were living on the recommended diet. He would have had family food bills of about 500 rubles per month in 1937, 1,625 in 1948, 800 in 1953, and would have a bill today estimated at 765 rubles.

A worker forced to get along on the diet suggested by the ration schedule of 1947 could have fed his family for 265 rubles a month in 1937, or at about 45 percent less cost than he would have had to pay for the 1928-29 diet in that year, and 70 percent less than for the recommended diet. His bill in 1948 would have been 765 rubles. This is nearly 55 percent less than he would have had to pay for the 1928-29 diet in that year, and nearly 75 percent less than for the recommended diet. The somewhat less sharp decline in the cost of the ration diet since 1948, to 425 per family per month in 1953 and about 410 in 1954, would bring its relationship to the cost of the 1928-29 diet back to about 45 percent less, and its relationship to the recommended diet, back to about 70 percent less.

Table 7* contains indexes showing trends in these costs. Costs of the 2 more expensive diets are seen to have fluctuated more than the costs of the least expensive, or ration diet. Costs of Diet A and Diet B rose by 1948 to a level about 225 percent above the 1937 level, and then declined by nearly 55 percent to a level roughly 50 percent above that of 1937. Cost of Diet C, on the other hand, rose by 1948 to a level only about 185 percent above the 1937 level, and its decline since 1948 has been only about 45 percent, although it too stands today at a level about 50 percent above that of 1937. This difference in breadth of fluctuation between Diet C and its more expensive competitors reflects the fact it gives greater weight to items of less fluctuating price, notably breads and cereals.

In the belief that an average food consumption pattern for the years in question lies somewhere between Diets B and C, the indexes of these diets have been amalgamated and their average struck and rounded slightly. The utility of the resultant fourth index of Table 7 is impaired by the fact that in 1948 and 1949 there is a fair spread between its components, amounting to approximately 13 percent of the lower component (or 12 percent of the higher). In

* Table 7 follows on p. 28.

S-E-C-R-E-T

S-E-C-R-E-T

Table 7

Indexes of Monthly Costs at State Prices
of Three Workers' Family Diets in the USSR a/
1937 and 1948-54

	1937 = 100				1948 = 100			
	A	B	C	Composite <u>b/</u> B and C	A	B	C	Composite <u>b/</u> B and C
1937	100	100	100	100	31	31	35	33
1948	327	327	287	307	100	100	100	100
1949	309	305	272	289	94	93	95	94
1950	247	240	224	232	76	73	78	76
1951	218	205	198	202	67	63	69	66
1952	191	182	176	179	58	55	61	58
1953	158	160	159	160	48	49	55	52
1954 (Estimated)	149	154	154	154	46	47	54	51

a. This table is based on the unrounded cost figures, the rounded forms of which appear in Table 6. Method of computing costs is described in footnotes to Table 6.

b. Average of indexes for Diets B and C.

more recent years, however, this spread has dwindled to no greater than $3\frac{1}{2}$ percent and in 2 instances was virtually nothing. Hence the composite index has a definite use and permits one to say within reasonable limits of confidence that in general the cost of food to the Soviet worker at state prices (1) tripled from 1937 to 1948, (2) declined to twice the 1937 level from 1948 to 1951, (3) fell to about 60 percent above the 1937 level by the end of 1953, and (4) then subsided moderately to its present position of an estimated 55 percent above 1937.

Between 1948 and the present the greatest single percentage annual decrease occurred in 1950. Subsequent decreases have been progressively smaller, the trend between 1950 and 1953 being directly opposed to the trend for these years in the unweighted average of prices.

S-E-C-R-E-T

S-E-C-R-E-T

B. Adjustments for Free Market Purchases.

Costs computed at state prices do not represent the true money costs to the Soviet worker of his food. As already stated, he will make some of his purchases on the free markets -- specifically, some of his purchases of meats, dairy products, and vegetables and fruits, which are the main items sold competitively by the two systems. But free market prices are generally higher than state prices, and are always so under the conditions in which the Soviet worker is most likely to be interested in them: viz., -- when the goods concerned disappear from the shelves of state stores. Hence, in general, the worker's food costs rise with the extent to which he must resort to the free markets. More precisely, these costs rise with the proportion of the total competitive purchases that he must make on the free markets. Competitive purchase is defined as the purchase of a good sold competitively in the 2 markets, state and free.

Table 8* works out, for 1953 and 1948, costs and cost increases above costs in state stores for 5 hypothetical distributions of competitive purchases between the two systems. These distributions are 100-0, 66-33, 50-50, 33-66, and 0-100, with the percentage of competitive expenditures made in state stores shown first in each case. The table shows that in 1953 a family living on Diet A which had to go to the free market for all its competitive purchases would have had to spend 1,665 rubles a month, as against 1,360 rubles if it were fortunate enough to be able to make all its purchases in state stores. For a family living on Diet B, the difference would have been between 980 and 795 rubles per month. For a family living on Diet C it would have been between 595 and 425 rubles. Distributions between 100-0 and 0-100 would of course have given costs proportionately intermediate between these extremes.

To the extent that Table 8 is firmly based, and the free market prices upon which it rests truly reflect annual averages, we can conclude that additions to total food costs brought about by the need of purchasing in the free market may have increased to a maximum of roughly 20 percent in the case of the two more expensive diets, and to a higher maximum of almost 35 percent in the case of the cheapest diet. We can conclude, furthermore, that insofar as these additions are concerned, there was no substantial difference

* Table 8 follows on p. 30.

S-E-C-R-E-T

S-E-C-R-E-T

Table 8

Monthly Costs of Three Workers' Family Diets in the USSR
on Different Assumptions Regarding Distribution of Competitive Purchases
between State Stores and Free Markets a/
1948 and 1953

	Percent of Competitive Purchases As- sumed to Have Been Made at State Stores	1948 Costs		1953 Costs		1953 Costs as a Per- cent of 1948 Costs
		Amount in Rubles	Percent of Cost of Buy- ing Entirely in State Stores	Amount in Rubles	Percent of Cost of Buy- ing Entirely in State Stores	
<u>Diet A</u>						
(1)	100	2820	100	1360	100	48.2
(2)	66	3005	107	1460	107	48.6
(3)	50	3100	110	1510	111	48.7
(4)	33	3195	113	1565	115	49.0
(5)	0	3380	120	1665	122	49.3
<u>Diet B</u>						
(1)	100	1625	100	795	100	48.9
(2)	66	1730	106	855	108	49.4
(3)	50	1780	110	890	112	50.0
(4)	33	1835	113	920	116	50.1
(5)	0	1940	119	980	124	50.5
<u>Diet C</u>						
(1)	100	765	100	425	100	55.6
(2)	66	850	112	480	113	56.5
(3)	50	895	117	510	120	57.0
(4)	33	940	123	540	127	57.4
(5)	0	1030	135	595	140	57.8

a. This table was constructed by splitting total costs for the three diets in the years at issue (see Table 6) into two parts: competitive and noncompetitive. Competitive costs are defined as the costs of items which are sold competitively by the state and free markets. Competitive costs resulting from the split referred to are, of course, costs at state prices. Against these then are set competitive costs at free market prices, derived by

S-E-C-R-E-T

S-E-C-R-E-T

Table 8

Monthly Costs of Three Workers' Family Diets in the USSR
on Different Assumptions Regarding Distribution of Competitive Purchases
between State Stores and Free Markets a/
1948 and 1953
(Continued)

multiplying the weights assigned the competitive items by the various diets (Table 1) by the free market prices shown in Table 5. The two sets of competitive costs thus obtained -- one at state, the other at free prices -- may be viewed, respectively, as minimum and maximum limits to the additions to noncompetitive costs that are required to arrive at an approximation of true total money costs of the diets. Costs of intermediate distributions (66-33, 50-50, etc.) were then calculated and the entire series added one by one to non-competitive costs to give total costs on the different assumptions.

between 1948 and 1953. Given a fixed division of competitive purchases between the two markets, the Soviet worker of moderate or small means thus would find his costs equally inflated in the two years by the need of going into the free markets, and find himself at equal disadvantage in this respect vis-à-vis his more fortunate fellows.

There remains the key question of just which distribution is typical of the average worker. Unfortunately, little has been found by way of an answer. It has been estimated, however, that 30 percent of all food sold at retail in Moscow is sold through the free markets. 26/ If this is so, and if we further assume that the worker consuming Diet B divides his total food purchases in this fashion, then on the coverage of the category "competitive item" adopted by this report, and at the relationship prevailing between state and free prices, this worker would in 1953 divide his competitive purchases in a proportion of about 40 percent to 60 percent in favor of the free market. For the worker consuming Diet C the proportion would be about 45 percent to 55 percent in the same direction.

However, it is probable neither the consumer of Diet B nor the consumer of Diet C, nor yet the average worker (who is presumed

S-E-C-R-E-T

S-E-C-R-E-T

to consume a diet intermediate between Diets B and C) actually divides his total food purchases in the fashion of the average consumer. It is probable, rather, that they buy less in the free market -- in a proportion closer to 20 percent than to 30 percent of total purchases. It is probable, moreover, that this report has unduly restricted application of the term "competitive item." The report provisionally concludes, therefore, that the correct figure for the proportion of competitive purchases made on the free market is lower than those cited, and it tentatively estimates that the true money costs of the various diet prices, for the years 1948 and 1953, are those which are to be read on the 50-50 line of Table 8. These are, for Diet B, 10 percent above costs at strictly state prices in 1948, and 12 percent above in 1953. For Diet C, they are 17 percent and 20 percent above, respectively. True money costs of Diet B in 1953, for example, are therefore estimated at 890 rubles per family per month. The true money costs of Diet C in this year are estimated at 510 rubles.

C. Relation to Wages.

The ultimate significance to the Soviet worker of changes in the prices of the food he must buy cannot be determined without considering what concurrent changes, if any, have taken place in his income.

There are two wage-earners in the typical Soviet family. ^{27/} In 1937 the average annual wage for a Soviet industrial worker is estimated to have been 3,000 rubles, and that of his wife between 2,700 and 2,800 rubles. The average family wage in 1937 was therefore about 480 rubles per month. In 1948 the average monthly wage for a semiskilled worker was 600-700 rubles, that of a secondary wage-earner about 500. From 1948, wages remained fairly stable through 1953. Hence the average family wage in the period 1948-53 has been about 1,150 rubles per month, or about 2.4 times that of 1937. Relating a wage index built on these figures to the composite cost index of Table 7 gives a picture of trends in the power to purchase food as shown in Table 9.* Table 9 shows that the power of wages to purchase food fell about 20 percent between 1937 and 1948. By 1950, however, wages had regained their prewar potential in this respect and in 1953 had a potential 50 percent greater than in 1937. What the corresponding figure is for 1954 cannot be estimated with

* Table 9 follows on p. 33.

S-E-C-R-E-T

Table 9

Indexes of Food Costs, Wages, and the Power to Purchase Food
of the Average Worker's Family in the USSR
1948-53 a/

<u>Year</u>	<u>1937 = 100</u>			<u>1948 = 100</u>		
	<u>Food Costs <u>b/</u></u>	<u>Wages <u>c/</u></u>	<u>Power to Purchase Food <u>d/</u></u>	<u>Food Costs <u>b/</u></u>	<u>Wages <u>c/</u></u>	<u>Power to Purchase Food <u>d/</u></u>
1948	305	240	79	100	100	100
1949	290	240	83	94	100	105
1950	240	240	100	76	100	130
1951	200	240	120	66	100	150
1952	180	240	133	58	100	170
1953	160	240	150	52	100	190

a. Estimates of index figures for 1954 have been omitted due to uncertainties over contemporary developments in the wage structure.

b. Taken from the composite cost index of Table 7. In their 1937-base form, these index numbers have been rounded to the nearest multiple of 5.

c. See text for wage figures for 1937 and 1948-53, and their source. Relatives have been rounded to nearest multiple of 5.

d. Quotients have been obtained by dividing wage index entries by their cost-index counterparts. In their 1948-base form, these index numbers have been rounded to the nearest multiple of 5.

any exactitude. Wage levels are moving again. But since the adjustment in process is apparently upwards, today's figure will probably turn out to be at least 60 percent greater than its 1937 counterpart.

The chart* which concludes this report relates the wage-curve to the cost-curves for each of the three diets, the cost-curves having been expanded into areas covering different distributions of competitive

* Inside back cover.

S-E-C-R-E-T

S-E-C-R-E-T

purchases. From close inspection of this chart it is apparent -- to deal first with features implying developments favorable to the worker's welfare -- that an average Soviet worker's family living in the period 1937-53 became able in 1953, for the first time, to afford the diet of its more fortunate predecessor of 1928-29. Use of the term "afford" in this connection may appear liberal, for according to the chart the worker would have to part with about 75 percent of his income in 1953 in order to buy the diet referred to. However, there are certain considerations which suggest that the chart underrates the worker's ability to buy food. The chart does not, for instance, take account of earnings and other income over and above what are due to the basic wage. Nor does it, of course, take account of the competing demands on income of costs other than food costs (clothing, taxes, and the like), which with price and other reductions have decreased appreciably in recent years. In any case, the Soviet worker is today at least close to a position of being able to afford for his family the diet of 1928-29, the most prosperous of the years of Soviet rule, while in 1952 and before he was not even close.

On the other hand, the most cursory inspection of the chart reveals that an average Soviet worker's family living in the period 1937-53 (1) never could afford the diet based on official recommendations for the individual worker; and (2) continuously could afford only the diet based on 1947 ration-schedules, which is the most meagre of those analysed. A family of below-average income, or one scraping along on the wages of a single member, would in 1948 have had to spend virtually all its income in order to buy the cheapest of the diets, and even today could not easily afford to live much above it. Even today Diets A and B remain well beyond the reach of such a family. By way of contrast, only a family at the other extreme, earning professional-level wages of 2,000 and 3,000 rubles a month, could hope to feed itself today in the manner recommended by the Institute of Nutrition. Even such a family could not have done this in 1948.

Such is the picture which available data suggest of the relation between the Soviet worker's wages and costs of representative diets. Its over-all somberness of tone would scarcely be relieved by more extensive consideration of developments since 1953. Although on the one hand increases in wages appear to be taking place, on the other hand, the downward trend in food prices and hence diet costs has been arrested. Nor is it probable that

- 34 -

S-E-C-R-E-T

S-E-C-R-E-T

the somberness of the picture would be relieved were this report expanded to take account of other pertinent factors, such as product quality and availability. On the contrary, some foods, during the period under review, undoubtedly have deteriorated in quality or -- what amounts fundamentally to the same thing -- have been upgraded. Also, some foods have, on occasion, simply not been available at all. Meriting especial attention, in this connection, are recent signs of an arrest in, and in some cases a reversal of, the earlier post-war rise in food production.

- 35 -

S-E-C-R-E-T

S-E-C-R-E-T

APPENDIX A

METHODOLOGY

1. General.

a. Sociological Representativeness.

In general, the procedure followed by this report in determining the Soviet worker's food costs has been to price, for the years at issue, a number of diets believed to be reasonably representative of the range of patterns consumed at the present time. These diets have been selected from available data on past consumption patterns, and in one instance from data on what the Russians consider a desirable pattern. What the report has not tried to do is to determine with precision how many Soviet workers (if any) consume each of these diets at the present time, and how many (if any) consumed each of them in each of the other years. Nor has it tried to establish with precision what the pattern of the average Soviet worker is today, or was in each of the other years considered.

The trend pictures developed thus portray the costs of certain extreme diets between which lie the diets of the bulk of the working population, rather than the actual food costs of the average worker. The curve for the latter would lie between the curves for Diets B and C. It would probably show less drastic decline than either of the two diets between 1948 and 1953, since the average worker's food pattern probably became more varied with expansion of supplies and enhancement of real wages in this period.

b. Geographical Representativeness.

With the major exception of Diet A, which is a diet recommended for the Soviet worker wherever he may be found, and with a few minor exceptions, the geographical reference of the data throughout is to Moscow. However, the ration schedules upon which Diet C is based were presumably of wide application and can be taken to describe the 1947 eating habits of the average worker's family in other major urban centers. Two of the three diets, therefore, can be taken as nationally representative, while the usefulness of the

S-E-C-R-E-T

third would not be seriously impaired even if it could be shown to be above the national average. Movement of Moscow retail prices, furthermore, has been shown to be very similar to the movement of average Soviet retail prices. 28/ For these reasons, the costs and cost trends which emerge as the conclusions of this report are believed to be nationally applicable within reasonable limits and to describe some of the problems the Russian worker must face wherever he may happen to live in the USSR.

2. Section on Consumption Patterns.

Major methodological decisions involved in work on this section are summarized above. Minor ones are explained in footnotes to Table 1.

3. Section on Prices.

The immediate source of the price tables in the text is Table 10,* in this Appendix. The three main sources for Table 10, as already mentioned, are (a) Chapman's work on Retail Food Prices in the USSR, 1937-1948, (b) food price reports for 1952-54 from the American Embassy in Moscow, and (c) official price reduction decrees.

a. Chapman's Work.

Chapman's work covers 65 food items, most of which are carefully specified. For each of these, except fresh vegetables, an annual average price is derived for 1948. For fresh vegetables, the price derived is that for the peak of the season, which in most cases is presumed to be late August. The 65 food items embraced by the work were chosen with a view to their representativeness of total food items passing through state and cooperative retail channels, the author's aim having been to construct a deflator for retail sales. Since some of the foods passing through these channels are not items of human consumption, notably feed for animals, since Chapman had to omit one or two important items of human consumption for lack of price data (for example, lard), and since product grades are in some cases above what the average worker would consume, the selection is not perfectly representative of the items which predominate in the diet of the Soviet worker. Nonetheless, her work contains virtually all items of importance, even if not all of them are in the correct grades. With judicious winnowing to eliminate the more strikingly unrepresentative items

* Table 10 follows on p. 39.

S-E-C-R-E-T

Table 10

1948 and 1953 Prices for Selected Foods in Moscow
and Derivation of the 1953 Prices

Roubles per kilogram, except where otherwise stated, are rounded to nearest multiple of 5

		1948 Price a/*		1953 Price b/		Derivation of 1953 Price c/				Indirect
Commodity	Specification d/	Amount	Amount	Comparability to 1948 e/	Closeness of Check f/	Year	Specification d/	Direct Quotation g/	Amount	Quotation Amount
Bread and Grains										
1. Rye Flour	Coarse-milled 95 percent	4.80	2.25	A	-2	53	Not specified 29/		2.25	2.20
2. Rye Bread	95 percent flour	3.00	1.35	A	0	53	Not specified 30/		1.35	1.35
3. Wheat Flour	85 percent flour (2)	6.20	2.50	B	No check	53	N.A. h/		N.A.	2.50
4. Wheat Flour	72 percent flour (1)	8.00	3.25	A	2	53	72 percent extraction (1) 31/		3.25	3.30
5. Wheat Bread	85 percent flour (2)	4.40	1.90	B	-5	53	Average of 2 kinds i/		2.00	1.90 i/
6. Wheat Bread	72 percent flour (1)	7.00	3.10	A	-2	53	Baked of grade 1 flour 32/		3.10	3.05
7. French Loaf	72 percent flour (1)	8.00	3.65	B	No check	53	N.A. j/		N.A.	3.65
8. Macaroni	72 percent flour (1)	10.00	4.40	B	-28 k/	53	Not specified 33/		6.10	4.40
9. Buckwheat Grits	N.A.	12.00	5.60	B	No check	53	N.A.		N.A.	5.60
10. Millet Grits	Pounded (1)	6.00	3.15	A	-6	52	Not specified 34/		3.50	3.30
11. Rice	(1)	17.10	8.80	A	0	53	(1) 35/		8.80	8.80
12. Dried Beans	Average 2 kinds l/	10.60	4.95	B	No check	53	N.A.		N.A.	4.95
13. Oats	N.A.	2.50	1.25	B	No check	53	N.A.		N.A.	1.25
Meat and Fish										
14. Pork	Fat, untrimmed (1)	48.00	21.40	A	-6	53	Fat (1) 36/		21.40	20.15
15. Beef	Average (1)	30.00	12.60	A	0	53	Medium (1) 37/		12.60	12.60
16. Mutton	Above average (1)	34.00	14.10	A	-4	53	Higher Medium (1) 38/		14.10	13.55
17. Mutton	Average (1)	30.00	11.90	A	1	53	Medium (1) 39/		11.90	11.95
18. Chicken	(1)	35.00	14.40	A	2	53	(1) 40/		14.40	14.70
19. Chicken	(2)	31.00	12.75	A	2	52	(2) 41/		15.00	15.30
20. Duck	(2)	34.00	13.45	B	53	52	Not specified 42/		10.30	15.80

* Footnotes for Table 10 follow on p. 42.

S-E-C-R-E-T

S-E-C-R-E-T

Table 10

1948 and 1953 Prices for Selected Foods in Moscow
and Derivation of the 1953 Prices
(Continued)

Rubles per kilogram, except where otherwise stated, are rounded to nearest multiple of 5

Commodity	1948 Price a/		1953 Price b/		Year	Derivation of 1953 Price c/		Indirect Quotation Amount	
	Specification d/	Amount	Amount	Comparability to 1948 e/		Closeness of Check f/	Direct Quotation g/		
							Specification d/		Amount
<u>Meat and Fish</u> (Continued)									
21. Turkey	(1)	45.00	17.20	A	3	53	(1) <u>h3/</u>	17.20	17.80
22. Turkey	(2)	39.00	14.90	A	4	52	(2) <u>h4/</u>	17.50	18.15
23. Goose	(2)	25.00	9.70	A	2	52	(2) <u>h5/</u>	11.40	11.65
24. Rabbit	Fat, above average (1)	24.00	9.30	B	No check	53	N.A.	N.A.	9.30
25. Bacon	Medium	59.00	24.50	A <u>m/</u>	0	52	(2) <u>h6/</u>	28.80	28.80
26. Ham	Smoked	59.00	<u>27.00</u>	B	-12 <u>g/</u>	53	Not specified <u>h7/</u>	27.00	23.80
27. Sausage	Moscow	82.00	29.80	A	-1	53	Moscow <u>h8/</u>	29.80	29.45
28. Pike-perch	Fresh-frozen (1)	12.00	7.85	A	1	52	Not specified <u>p/</u>	8.70	8.75
29. Sturgeon	Fresh-frozen (1)	29.00	<u>19.05</u>	B	No check	53	N.A.	N.A.	19.05
30. Herring	Caspian, large, salted (1)	20.00	<u>12.20</u>	B	5	53	Caspian (2) <u>h9/</u>	12.20	12.75
31. Sturgeon	'Balyk smoked (1)	88.00	<u>44.90</u>	B	No check	53	N.A.	N.A.	44.90
32. Caviar	Black, granular, tinned (1)	371.00	<u>204.10</u>	B	61	53	Black (best) <u>50/</u>	127.00	204.10
<u>Fats and Oils</u>									
33. Sunflower Oil	Refined	30.00	18.80	A	3	53	Not specified <u>51/</u>	18.80	19.45
34. Margarine	Table	33.00	14.80	B	-1	53	Cream (higher) <u>52/</u>	14.80	14.75
<u>Milk and Milk Products</u>									
35. Milk (liter)	Fresh	4.00	2.60	A	-2	53	Based on 3 prices <u>q/</u>	2.60	2.55 <u>r/</u>
36. Sour Cream	N.A.	25.25	<u>14.60</u>	B	1	53	Based on 2 prices <u>t/</u>	14.60	14.75
37. Cheese	Swiss, average 2 kinds <u>u/</u>	72.00	32.20	B	3	53	Swiss, 50 percent (1) <u>53/</u>	32.20	33.20 <u>w/</u>
38. Butter	7 kinds <u>v/</u>	67.44	26.95	A	2	53	Average same 7 kinds <u>54/</u>	26.95	27.50
39. Eggs (10)	Table (1)	16.00	8.20	B	0	53	Based on 2 prices <u>w/</u>	8.20	8.20 <u>x/</u>

S-E-C-R-E-T

S-E-C-R-E-T

Table 10

1948 and 1953 Prices for Selected Foods in Moscow
and Derivation of the 1953 Prices
(Continued)

Rubles per kilogram, except where otherwise stated, are rounded to nearest multiple of 5

Derivation of 1953 Price c/										Indirect
Commodity	1948 Price a/		1953 Price b/		Closeness of Check f/	Year	Direct Quotation		Amount	Quotation Amount
	Specification d/	Amount	Amount	Comparability to 1948 e/			Specification d/	Amount		
Vegetables and Fruits										
40. Potatoes	Old	1.00	1.00	AA y/	No check	53	Not specified 55/		1.00	z/
41. Cabbage	Fresh	1.00	0.80	AB aa/	No check	53	Not specified 56/		0.80	z/
42. Cucumbers	Fresh (1)	2.00	2.00	BA bb/	No check	53	Not specified 57/		2.00	z/
43. Cucumbers	Salted (1)	3.50	3.50	cc/	No check	N.A.	N.A.		N.A.	z/
44. Onions	Spring	4.00	1.50	AB dd/	No check	53	Green 58/		1.50	z/
45. Beets	N.A.	0.90	0.60	AA ee/	No check	53	Not specified 59/		0.60	z/
46. Turnips	Trimmed	1.35	1.35	BA ff/	No check	52	Not specified 60/		1.50	z/
47. Tomatoes	(1)	4.00	2.60	BA gg/	No check	53	Not specified 61/		2.60	z/
48. Pumpkins	N.A.	0.70	4.00	AA hh/	No check	52	Not specified 62/		4.00	z/
49. Peas (500 gr)	Canned (highest)	9.10	4.35	B	10	53	Not specified 63/		3.95	4.35
50. Apples	Fresh, 1st group "Kandil" (1)	20.50	6.55	A	5	53	Not specified 64/		6.25	6.55
51. Apricots	Canned	17.50	9.20	B	No check	53	N.A.		N.A.	9.20
52. Apples	Dried	28.00	13.85	B	4	53	Bottle kk/		13.85	14.35
53. Prunes	Sochi, dried	40.00	20.40	B	0	52	Dried (1) 62/		25.50	25.60
54. Raisins	N.A.	31.00	15.85	B	No check	53	N.A.		N.A.	15.85
55. Mixed Fruit	Dried	31.30	16.00	B	8	52	(1) 63/		18.50	20.05
Other										
56. Sugar	Refined, small lumps	15.00	10.70	A	0	53	Lump 64/		10.70	10.70
57. Sugar	Granulated	13.50	9.40	A	-1	53	Granulated (medium) 65/		9.40	9.30
58. Chocolate	N.A.	17.00	11.00	B	-4	53	Mid-point of range 66/		11.45	11.00
(100-gr bar)										
59. Cocoa	Powdered	193.00	110.00	A	-1	53	Not specified 67/		110.00	109.30

S-E-C-R-E-T

S-E-C-R-E-T

Table 10

1948 and 1953 Prices for Selected Foods in Moscow
and Derivation of the 1953 Prices
(Continued)

Rubles per kilogram, except where otherwise stated, are rounded to the nearest multiple of 5

Commodity	1948 Price a/		1953 Price b/		Closeness of Check f/	Year	Derivation of 1953 Price c/		
	Specification d/	Amount	Amount	Comparability to 1948 e/			Direct Quotation g/	Amount	Indirect Quotation Amount
Other (Continued)									
60. Salt	Ground (2)	1.50	0.30	B	-50	53	Not specified 68/	0.60	0.30
61. Tea (100 gr)	'Baikhovyi', Georgian (1)	16.00	8.40	A	-1	53	Georgian (1) 69/	8.40	8.30
62. Coffee	Roasted, in the bean	75.00	40.75	B	1	53	Not specified 70/	40.75	41.30
Beverages									
Alcoholic									
63. Vodka (½ liter)	50-degree	65.64	30.95	B	No check	53	N.A.	N.A.	30.95
64. Vodka (liter)	40-degree	85.50	38.45	B	No check	53	N.A.	N.A.	38.45
65. Champagne	Soviet	42.75	26.00	A	-2	53	Soviet 71/	26.00	25.50

a. From Chapman's work, except for price of sour cream, derivation of which is explained in footnote g/. Chapman's listing of commodities has been slightly rearranged, to make its organization conform more closely to Soviet practice, as evidenced by reduction decrees, and to the International Labor Organization usage, which appears to be more general than Chapman's. 72/

b. Prices in this column, except for prices of fresh vegetables, are those which were in effect on 1 April of the year. Date references for the prices of fresh vegetables are given in corresponding footnotes. Prices for 1953 have been derived from quotations in adjoining columns according to procedures described in the text accompanying this table. Underlining indicates the indirect quotation has been the preferred source, whereas absence of underlining indicates the direct quotation has been preferred. Prices in the column of which the preferred source is a direct quotation for 1952 have been calculated by applying to the quotation appropriate percentage reductions effective 1 April 1953.

c. The method, which is more fully described in the text, has been to take the most specific direct quotation to be found in a source of high reliability, to assess its comparability to Chapman's 1948 counterpart, and then to check it against the corresponding indirect quotation obtained by applying to Chapman's 1948 price reductions for the intervening years.

d. Figures in parentheses refer to grades of the commodity which have been priced.

S-E-C-R-E-T

S-E-C-R-E-T

Table 10

1948 and 1953 Prices for Selected Foods in Moscow
and Derivation of the 1953 Prices
(Continued)

e. Two degrees of comparability are distinguished -- specific (indicated by A) and general (indicated by B). When the commodity to which the preferred source for the 1953 price refers is specified with the same care and in the same detail as Chapman uses for the 1948 counterpart, or when other information strongly suggests the absence of other species of the commodity than that to which Chapman's 1948 counterpart refers, comparability is considered specific. When the commodity description in the source for the 1953 price is general, and it is not known whether the source refers to the same species of the commodity as Chapman's 1948 counterpart, then comparability is considered general. A second letter (found only in the case of prices for fresh vegetables) measures comparability of date, an A standing for a date within one month of Chapman's, a B for a date more than a month apart from Chapman's.

f. Closeness is measured by the difference between direct and indirect quotations: the smaller the difference, the closer the check. Difference is defined as percentage deviation of the direct quotation from the indirect. For most purposes, differences of ± 5 percent or less may be considered insignificant, being traceable to differences between the method of calculating reductions used by Soviet officials, on the one hand, and the method of computing indirect quotations employed in this report, on the other. Thus, while this report has rounded exactly, a 10-percent reduction from 3.40, for instance, being treated as yielding a new figure of 3.06 or, when rounded, 3.05, Soviet officials have rounded crudely to 3.10.

g. For the sake of economy, reference notes are set against entries in the first or "specification" column only. However, they apply equally to corresponding entries in the other or "amount" column.

h. It is reported that only three sorts of flour were put on restricted sale in May 1953. The 85-percent extraction variety was not among them. Whether this means this flour has been withdrawn from the Moscow retail market once and for all is not known. Other reports indicate it is still being sold elsewhere. 73/

i. The direct quotation given here is the rounded average of prices for two types of wheat bread made of second grade flour which were on sale in May 1953. 74/ The quotation indirectly obtained is 5 percent below this rounded average. However, in arriving at the indirect quotation the 1950 reduction figure of 25.9 percent was used instead of the 30-percent figure used by some other sources. 75/ Use of the 30-percent figure would have given a 1953 price of 1.80, or precisely that of the less expensive of the two types referred to in the cited Despatch.

j. There are no direct quotations which can with any assurance be applied to the "French loaves of 75-percent extraction wheat flour" to which Chapman refers. But it is interesting to note that 2 of the 3 loaf-items of first grade wheat on the list posted in Moscow bread stores in May 1953, 76/ were priced at 0.72 rubles per 200 grams, or 3.60 per kilogram, a figure which is almost identical with the indirect quotation for 1953 of 3.65 rubles. These two first grade loaves are named 'City loaf' and 'Russian circular loaf' respectively.

k. This discrepancy is one of the largest between direct and indirect quotations in the whole Table. Since the 1948 price for macaroni and the magnitude of the subsequent reductions decreed thereon are quite clear, the most likely explanation is that the 1953 direct quotation refers to a grade of macaroni more select than the first grade to which the 1948 price refers. The possibility cannot be ruled out, however, that some of the reductions in this category were nominal only, and not fully realized.

l. White and varicolored.

m. The second-grade bacon referred to by the direct quotation is presumed to be comparable to the medium grade to which Chapman's median price for 1948 refers.

S-E-C-R-E-T

S-E-C-R-E-T

Table 10

1948 and 1953 Prices for Selected Foods in Moscow
and Derivation of the 1953 Prices
(Continued)

- n. Mid-point of a range of prices in which the highest price is roughly 50 percent above the lowest.
- o. Application of the reductions to highest price in range of which Chapman gives the mid-point would give figure close to the direct quotation cited here.
- p. This figure comes from a report which does not qualify the grade of fish. 77/ However, it should be noted that a later 1953 price for this commodity, also unqualified as to grade, gives a price of 10 rubles, which is 21 percent above the indirect quotation shown for the year. 78/
- q. The quotation shown is a weighted average of three figures: a 1952-53 figure of 3.10, which was in force during the first 3 months of 1953; 79/ the summer figure of 2.20, which was in force through September; the 1953-54 winter figure of 2.90, 80/ which was in force the last 3 months of the year.
- r. The indirect quotation is derived by applying successive reduction percentages to the mid-point of a range of 3-4 rubles given by an official decree of 15 December 1947. Chapman uses the higher of these two extremes as her figure for 1948 in the belief that the lower figure was in effect for a short time only during the course of that year.
- s. This figure is a substitute for Chapman's price of 26.50. It is an average of two quotations: one of 25.50, for Moscow in the winter of 1947-48, 81/ and one of 25.00 for Leningrad in the summer of 1948. 82/ It is preferred to Chapman's because Chapman's was predicated on the existence of a seasonal variation in 1948 which the quotations just cited appear to belie, and on the supposition that there was a seasonal variation of from 25 to 30 rubles for 1949. She inferred from a New York Times dispatch in 1949 that such a variation was applicable to 1948 as well, though the 1949 Price Reduction Decree suggests pretty strongly that sour cream was cut by 10 percent in the interim. The fact that the application of relatively unambiguous reduction percentages backwards in time from direct quotations of 1952 and 1953 gives a result of 25.00 adds further support to the decision.
- t. This is an average of the 1953 summer figure of 13.00 83/ (grade not specified) which was in effect presumably from 1 April through September, and the 1953-54 winter figure of 16.20, 84/ which was in effect the last three months of the year and may be presumed also to have been in effect the first three months since there was no reduction on sour cream in April 1953.
- u. Average of prices of 68 rubles for "Cheese, Swiss" and 76 rubles for "Cheese, Swiss, 50 percent". Application of reductions to these two prices separately yields 1953 figures of 31.30 and 35.05 respectively, figures which bracket the direct quotation.
- v. The kinds specified are salted (extra and highest), sweet (extra, highest, and first), and rendered (highest and first).
- w. Eggs in the dietetic stores were priced according to one report at 7 rubles in June of 1953 85/ and according to another at 9.40 rubles later on in the summer. 86/ The first source further gave 9.40 as the price of eggs "in shell" in June. 87/ On the assumption that these figures refer, in somewhat different terms, to the same commodity, their average of 8.20 is taken to represent actual 1953 price comparable to the mid-point of the 1947 range and Chapman's 1948 figure.
- x. The range of egg prices established for "table eggs of the first category" in 1947 was from 12 to 16 rubles per 10. Applying price reductions, one gets a 1953 range of 7.00 to 9.35 rubles per 10, of which this figure is the mid-point.
- y. The 1948 price was for 26 August. The 1953 price was for 31 August.
- z. Checking by the indirect method is not appropriate in the case of vegetables, since the figures arrived at by applying reduction percentages describe the reality only in the early part of the year, or, sometimes near the end of it. See accompanying text for further discussion.

- 44 -

S-E-C-R-E-T

S-E-C-R-E-T

Table 10

1948 and 1953 Prices for Selected Foods in Moscow
and Derivation of the 1953 Prices
(Continued)

- aa. The 1953 price is for 31 August. The 1948 price is for November.
- bb. The 1953 price is for the beginning and end of August. The 1948 price is as of 6 August.
- cc. There are no direct quotations for fresh-salted cucumbers, first grade, to which Chapman's price refers. They have been assigned their 1948 price for 1953 and the intervening years on the assumption that their price movement parallels that of fresh cucumbers.
- dd. The 1953 price is for 2 July, as compared with the late August date for Chapman's 1948 price.
- ee. The 1953 price is for 31 August, or virtually the same as the day and month for Chapman's 1948 price.
- ff. A price of 1.50 was recorded for early August of 1952. 88/ This is identical with the top figure of the range Chapman cites for late August of 1948. The presumption is that no change took place in the price of this vegetable, and therefore Chapman's mid-point of 1.35 is retained.
- gg. The 1953 figure is for 31 August as contrasted with Chapman's 1948 date of late August.
- hh. The 1953 figure is for early August as contrasted with Chapman's 1948 date of late August.
- ii. [] a figure of 5.15 for 650-gram bottle of peas, grade unspecified. 89/ This figure has been reduced by 3/13ths to make it comparable volume-wise with Chapman's 1948 figure.
- jj. [] a range for apples of unspecified grade of 5.80 to 6.70 rubles per kilogram. This range brackets the indirect quotation cited. 90/
- kk. Bottled apples were reported selling for 6.65 for 480 grams in the spring of 1953. 91/ The direct quotation is a conversion of this figure to a kilogram base.

25X1

25X1

S-E-C-R-E-T

S-E-C-R-E-T

(as was done in constructing Table 3) it can be used to develop a smaller list, representative on balance.

b. Embassy Moscow Reports.

The series of price reports from the American Embassy in Moscow in 1952 and 1953 serve as an admirable complement to Chapman's work. They cover most of the items covered by Chapman plus others. They describe items priced generally with the same degree of detail as Chapman, and in some cases with more detail. Hence, they permit compilation of a 1953 list reasonably coextensive with and comparable to Chapman's for 1937 and 1948.

c. Reduction Decrees.

The reduction decrees, by way of contrast, generally confine themselves to the use of grosser terms. These are usually of the degree of generality represented by "pork," "mutton," "beef," but may be as broad as "meat," "bread," and "flour" (1949) or such residuals as "other meat products." Rarely do they exhibit refinement in the degree represented by the differentiation of flours in 1950 into coarse, fine, first grade, and second grade, that is, differentiation of an order comparable to Chapman's or Embassy Moscow's. Thus, questions arise as to whether a given item, highly specified, does, or does not, fall within a given general category, and these questions are frequently made more acute by the presence of other general categories of equal applicability or inapplicability.

Application of the reduction decrees to Chapman's prices for 1948 makes possible estimates of prices in subsequent years. However, the frequency with which questions arise of the comparability of items cuts down on the serviceability of this procedure. An even greater limitation, of course, is the fact that under the best of conditions one ends up with an official or nominal price, the reality of which in a given place and at a given time is a legitimate subject for debate.

d. Derivation of 1952 and 1953 Prices for Foods in General.

Given the sources listed and their respective strengths and weaknesses, the following appeared to be the best way of going

S-E-C-R-E-T

S-E-C-R-E-T

about the task of establishing firm prices for 1953 and firm trends for the years back to 1948:

(1) Get from reliable sources the most recent direct quotations for as many of Chapman's 64 food items* as possible, assessing comparability with Chapman's quotation as carefully as possible.

(2) For all items except fresh vegetables, obtain indirect quotation by applying to Chapman's 1948 quotation successive reductions, as determined by the most reasonable interpretation of official decrees.

(3) Check direct against indirect quotations, in the case of items for which both kinds have been obtained.

(4) Resolve conflicts between direct and indirect quotations according to these rules:

(a) In favor of a direct quotation when the direct quotation is specifically comparable with Chapman's, or though only generally comparable, when the applicability of one or more of the reduction decrees to the item at issue is ambiguous;

(b) In favor of the indirect quotation when the comparability of the direct quotation to Chapman's is only general and when the application of all reduction decrees is clear.

Table 10 shows the result of invoking this procedure. Direct quotations from Embassy Moscow Price Reports [redacted]

25X1

25X1

[redacted] were obtained in the case of 52 of Chapman's 64 items. Of these, 11 referred to the year 1952, the other 41 to the year 1953. Of the 52, 32, or almost two-thirds, were judged specifically comparable to Chapman's 1948 counterparts. That is to say, almost down to the last detail the description of the commodity referred to tallied with Chapman's.

Agreement with indirect counterparts was high. Conflict was possible in 43 cases -- the 52 in which direct quotations were obtained, less 9, representing the fresh vegetables, with respect to which the method of check by indirect quotations was inapplicable. In 34 of the 43 cases indirect quotations differed from direct

* That is, the 64 foods for human consumption. The complete list included oats and thus totaled 65.

S-E-C-R-E-T

S-E-C-R-E-T

quotations by less than 6 percent. Given eccentricities in the Soviet method of rounding figures, a difference of 5 percent between direct and indirect quotations is not significant.

There were 9 cases, then, (43 less 34) in which there arose a real problem of choosing between competing estimates, and rejecting or radically altering one of them. Of these, 2 (millet grits and pork) involved differences of 6 percent. The others, with their corresponding differences, were: dried mixed fruits (8 percent), canned peas (10 percent), smoked ham (12 percent), macaroni (28 percent), salt (50 percent), duck (53 percent), and caviar (61 percent). None of the foregoing was important from the cost point of view, with the possible exception of macaroni, and only two of them -- salt and macaroni -- were important quantity-wise as elements of the diets. Specific comparability of the direct quotation for pork being explicit and for millet grits implicit, resolution of the conflict in these cases went in favor of the direct quotation. The same result was reached in the case of smoked ham. Although the direct quotation was not specifically comparable in this case, application of the reduction decrees was obscure. Direct quotations in the other cases not being specifically comparable, and the application of the reduction decrees being reasonably clear, the resolution of the conflict went against them, and in favor of the indirect quotation.

e. Derivation of 1952 and 1953 Prices for Fresh Vegetables.

The pricing of vegetables presented a peculiar problem. With the exception of milk, sour cream, and eggs, they are the only items the prices of which are not kept constant throughout the year. And since there are only two prices for dairy products -- summer and winter -- and no change is permitted within the two half-year periods, fresh vegetables are the only items which may vary from month to month. In practice this means monthly variation from a high in late spring, when the new produce is just beginning to appear in the market, through successively lower values through the summer, to a low in late fall, winter, and early spring, when the price finally comes down (if it ever does) to the level officially decreed. Thus, in 1953 cabbages were priced at 4 rubles per kilogram in June, 2 rubles in mid-July, 1 ruble at the beginning of August, 80 kopecks in late August and mid-September, and 65 kopecks (the price indicated in the reduction decree) in December. 92/ Steady decline from June to December is not, however, an

S-E-C-R-E-T

S-E-C-R-E-T

invariable rule, as may be instanced by the case of onions. 93/*

The implications of the foregoing considerations for the problem of an adequate method of constructing an annual average price are (1) that dependence on figures derived by applying reduction percentages given in annual decrees gives results biased on the low side, and (2) that the only truly satisfactory method would be to average prices for each month of important change. A method different from the latter has been used, and reliance placed on a single, late-August price, mainly for the sake of maintaining comparability with Chapman's 1948 quotation. This may be said, however, by way of additional justification: (1) August prices in some cases (notably cabbage) lie midway between extreme quotations and so probably stand close to the annual average, and (2) in other cases where available information does not show this to be true (beets and potatoes), there is at least a fair possibility that it would prove true if quality could be held constant.

* A decree of 14 August 1954, which was promulgated too late to be taken into consideration in the writing of this report, created a seasonal price structure for fresh fruits and vegetables which constitutes in effect a formalization and systematization of prior practice, with some modifications in level (generally upward). Each fruit and vegetable is to have two or more (typically three) prices during the year. 1 September, 1 November, and 1 March are typical of dates which initiate periods of lowest, middle, and highest prices respectively.

S-E-C-R-E-T

S-E-C-R-E-T

APPENDIX B

GAPS IN INTELLIGENCE

As measured by the adequacy of sources investigated in the preparation of this report, major gaps in intelligence concern (1) dietary or consumption data in general, and (2) data on the distribution of competitive purchases between state stores and the free market. Little finished material has been found identifying items of food eaten by a worker's family, or giving precise amounts consumed in a definite time period. Nothing has been found throwing light directly on the question of how much of each competitive item the average worker normally buys in state stores, and how much on the free market. As a result, answers to the above problems can be framed only through a process of tenuous reasoning from fragments of information remote from the points at issue.

- 51 -

S-E-C-R-E-T

25X1

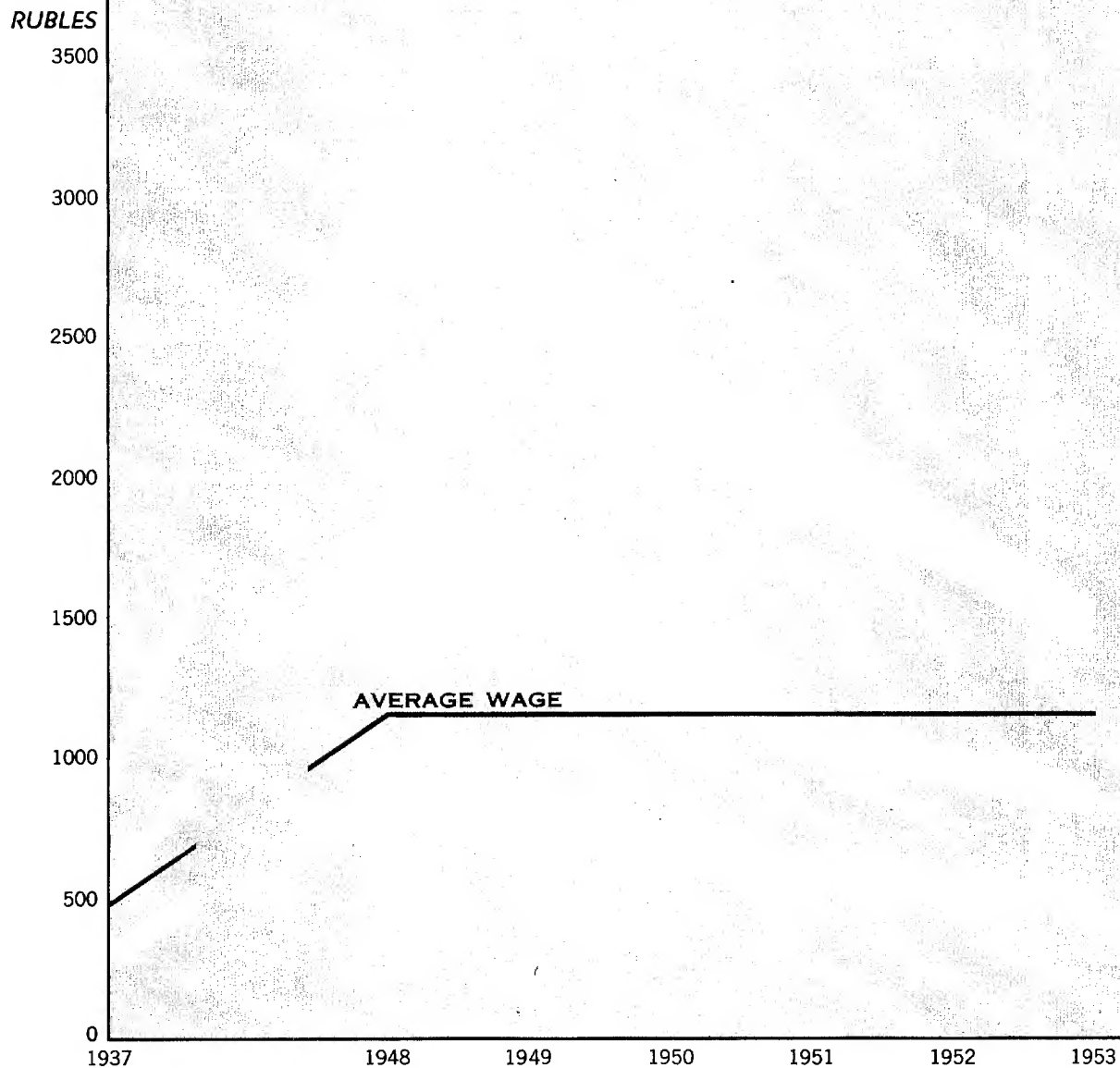
Approved For Release 2002/05/20 : CIA-RDP79-01093A000700060003-3

Next 5 Page(s) In Document Exempt

Approved For Release 2002/05/20 : CIA-RDP79-01093A000700060003-3

CONFIDENTIAL

RELATION BETWEEN AVERAGE MONTHLY WAGE AND SOVIET WORKER'S FOOD COSTS ON THREE DIETS 1937 and 1948-53^a



^a Lower limit of each open area represents cost of Diet at State prices exclusively; it is based directly on Table 6. The upper limit represents total cost that results when two-thirds of all competitive purchases are made on the free market. It is based upon adjustments of Table 6 figures suggested by the findings of Table 8 on the addition to total cost consequent upon this distribution in 1948 and 1953.

^b Diet of 1953—A recommended diet. (See page 3.)

^c Diet of 1928-29—An actual diet. (See page 3.)

^d Diet of 1947—A ration diet. (See page 4.)

CONFIDENTIAL

Approved For Release 2002/03/20 : CIA-RDP79-01093A000700060003-3

~~CONFIDENTIAL~~
~~SECRET~~

~~SECRET~~

Approved For Release 2002/03/20 : CIA-RDP79-01093A000700060003-3

~~CONFIDENTIAL~~